

**EVRAZ GROUP S.A.**  
**Société Anonyme**

**1 allée Scheffer**  
**L-2520 Luxembourg**  
**R.C.S. Luxembourg B 105615**

**Annual Accounts**  
**as at December 31, 2009**  
**and**  
**Independent Auditor's Report**

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## **Independent Auditor's report**

To the Shareholders of  
Evraz Group S.A.  
1, Allée Scheffer  
L-2520 LUXEMBOURG

Following our appointment by the General Meeting of the Shareholders dated 15 May 2009, we have audited the accompanying annual accounts of Evraz Group S.A., which comprise the balance sheet as at 31 December 2009 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### *Board of Directors' responsibility for the annual accounts*

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Responsibility of the "réviseur d'entreprises"*

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the "Institut des Réviseurs d'Entreprises". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the "réviseur d'entreprises", including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises" considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the annual accounts give a true and fair view of the financial position of Evraz Group S.A. as of 31 December 2009, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

ERNST & YOUNG  
Société Anonyme  
Réviseur d'entreprises

A handwritten signature in black ink, appearing to read 'Thierry Bertrand', written over a horizontal line.

Thierry BERTRAND

Luxembourg, 29 March 2010

EVRAZ GROUP S.A.  
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**BALANCE SHEET**  
(in thousands of EUR)

	Notes	2009	2008
<b>A S S E T S</b>			
<b>Fixed assets</b>			
<i>Intangible assets</i>	3	<b>118.402</b>	<b>46.016</b>
<i>Financial assets</i>			
Shares in affiliated undertakings	4	5.302.187	3.646.724
Loans to affiliated undertakings	5	907.968	1.750.804
Other loans	6	329.146	---
		<b>6.539.301</b>	<b>5.397.528</b>
<b>Current assets</b>			
<i>Debtors</i>			
Amounts owed by affiliated undertakings becoming due and payable within one year	5	53.785	1.028.291
Other debtors		89	30
		<b>53.874</b>	<b>1.028.321</b>
<i>Cash at banks</i>		<b>16.727</b>	<b>78.860</b>
<b>Prepayments</b>		<b>5.766</b>	---
<b>TOTAL ASSETS</b>		<b>6.734.070</b>	<b>6.550.725</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Subscribed capital	6	291.914	245.010
Share premium		1.079.487	725.792
Legal reserve		24.501	23.662
Non-distributable reserve for own shares		329.146	4.152
Profit brought forward		288	240.054
(Loss)/Profit for the year		(163.838)	445.294
Interim dividend		---	(684.222)
		<b>1.561.498</b>	<b>999.742</b>
<b>Creditors</b>			
Convertible bonds			
becoming due and payable within one year	8	7.147	---
becoming due and payable after more than one year	8	451.201	---
Non-convertible bonds			
becoming due and payable within one year	7	24.453	28.223
becoming due and payable after more than one year	7	1.556.157	1.817.921
Amounts owed to credit institutions			
becoming due and payable within one year	9	751.821	1.356.626
becoming due and payable after more than one year	9	1.467.843	1.565.610
Amounts owed to affiliated undertakings			
becoming due and payable within one year	10	447.561	306.428
becoming due and payable after more than one year		---	---
Other creditors			
becoming due and payable within one year	11	35.397	114.290
becoming due and payable after more than one year	11	10.352	13.623
		<b>4.751.932</b>	<b>5.202.721</b>
<b>Deferred income</b>	2	<b>420.640</b>	<b>348.262</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6.734.070</b>	<b>6.550.725</b>

*The accompanying notes form an integral part of the annual accounts.*

EVRAZ GROUP S.A.  
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**PROFIT AND LOSS ACCOUNT**  
(in thousands of EUR)

	Notes	2009	2008
<b>Charges</b>			
Value adjustment in respect of intangible fixed assets	3	11.729	9.935
Value adjustment in respect of current assets	4,5	21.462	---
Other operating charges	6	38.840	22.192
Value adjustment in respect of financial assets and of transferable securities held as current assets	4	2.021	844.719
Interest payable and similar charges			
- concerning affiliated undertakings	10	8.006	8.475
- exchange loss		---	452.882
- interest expense in respect of notes and bank loans		289.453	254.724
- other		1.522	1.360
Loss on disposal of investments	4	58.199	---
Other taxes		9.431	4.563
Profit for the financial year		---	445.294
		<b>440.663</b>	<b>2.044.144</b>
<b>Income</b>			
Income from participating interests			
- concerning affiliated undertakings	12	---	1.803.229
- other		---	---
Other interest receivable and similar income			
- concerning affiliated undertakings	5	141.638	165.149
- exchange gain		21.074	---
- gain on extinguishment of debts	7	90.215	70.655
- other		1.130	5.111
Gain on disposal of investments	4	366	---
Value adjustment in respect of financial assets and of transferable securities held as current assets	4	22.402	---
Loss for the financial year		163.838	---
		<b>440.663</b>	<b>2.044.144</b>

*The accompanying notes form an integral part of the annual accounts.*

EVRAZ GROUP S.A.  
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**NOTES TO THE ANNUAL ACCOUNTS**

December 31, 2009

*(All monetary amounts are expressed in thousands)*

**NOTE 1 – CORPORATE INFORMATION**

Evraz Group S.A. (“Evraz Group” or the “Company”) is a joint stock company registered under the laws of Luxembourg on December 31, 2004. The registered address of Evraz Group is 1, Allée Scheffer L-2520, Luxembourg.

Prior to August 3, 2006, Evraz Group’s parent was Crosland Global Limited (“CGL”), an entity under control of Mr. Alexander Abramov. On August 3, 2006, CGL transferred all its ownership interest in Evraz Group to Lanebrook Limited (Cyprus) which became the ultimate controlling party from that date.

In 2005, Crosland Limited, the parent of CGL, contributed in kind to the Company all its assets and liabilities, including a participation of 95,83% in the shares in Mastercroft Limited (“Mastercroft”), a limited liability company registered in Cyprus. Subsequently, the Company purchased the residual 4,17% ownership interest, which was owned by Mastercroft itself. Mastercroft is a holding company that controls certain steel production, mining and trading entities located mainly in the Russian Federation.

In 2005, Evraz Group became listed on the London Stock Exchange.

*Going Concern*

These financial statements have been prepared on a going concern basis that contemplates the realisation of assets and satisfaction of liabilities and commitments in the normal course of business. The activities of the Company and its subsidiaries (the “Group”) have been adversely affected by uncertainty and instability in international financial, currency and commodity markets resulting from the global economic crisis. The Company reported net loss of EUR 163.838 for the year ended December 31, 2009. The current liabilities were EUR 1.266.379 (including loans and borrowings of EUR 1.230.982 with maturities in 2010) and exceeded current assets by EUR 1.190.012.

The current maturities are expected to be covered by free cash flows and refinancing of current debts. As of December 31, 2009, the Company and its subsidiaries had unutilised borrowings in the amount of USD 1.345.000, including USD 864.000 of committed facilities.

In November 2009, the Company reset certain financial covenants and obtained waivers from its lenders (Notes 3, 7, 9). At December 31, 2009, the Company was in compliance with all of its financial covenants.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

**NOTES TO THE ANNUAL ACCOUNTS (continued)**  
December 31, 2009

*(All monetary amounts are expressed in thousands)*

**NOTE 1 – CORPORATE INFORMATION (CONTINUED)**

*Operating Environment of the Group*

The Company's subsidiaries sell their products to shipping, pipe-making, railway transportation, construction, oil and gas industries, all of which have reported substantially lower customer demand due to the financial crisis and the slowing global economy. Energy prices have fallen dramatically and this may reduce oil and gas exploration and development, which in turn could impact the Group's tubular business. In addition to slackening demand by the end customers, some of the Group's customers are experiencing difficulty in obtaining credit, which has further reduced their purchases from the Group even beyond that resulting from the decline in their sales. The duration of the crisis and the recovery of these industries will have a significant impact on the Group and the Company itself.

While the stabilisation measures aimed at providing liquidity and supporting debt refinancing have been introduced by the governments, there continues to be uncertainty regarding the access to capital and cost of capital for the Group and its counterparties, which could affect the Company's financial position, results of operations and business prospects. The unexpected further deterioration in the areas described above could negatively affect the Company's results and financial position in a manner not currently determinable.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Preparation**

The Company maintains its books and records in EURO ("EUR") and the annual accounts have been prepared in thousands of EURO in accordance with applicable legal requirements in Luxembourg and in conformity with the commercial law of August 10, 1915, as amended, including the following significant accounting policies:

**Foreign Currency Transactions**

The presentation and measurement currency of the Company is euro. Transactions in foreign currencies are initially recorded in Euro at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Realised exchange gains and losses and unrealised exchange losses are recorded in the income statements. Unrealised exchange gains are deferred. As of December 31, 2009, the deferred unrealised exchange gains amounted to EUR 418.523 (2008: EUR 342.670).

**NOTES TO THE ANNUAL ACCOUNTS (continued)**  
December 31, 2009

*(All monetary amounts are expressed in thousands)*

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

Financial assets, including participation and loans granted to group-related companies and shareholders, are stated at acquisition cost. Write-downs are recorded if, in the opinion of the management, there is any permanent impairment in value.

Dividend income is recognised as revenue when the shareholders' right to receive the payment is established.

All purchases and sales of investments are recognised on the settlement date, which is the date when the investment is delivered to or by the Company. All investments are initially recognised at cost.

**Accounts Receivable**

Accounts receivable are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful receivables is made when collection of the full amount is no longer probable.

**Cash and Cash Equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

**Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

**Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

**NOTES TO THE ANNUAL ACCOUNTS (continued)**  
December 31, 2009

*(All monetary amounts are expressed in thousands)*

**NOTE 3 – INTANGIBLE ASSETS**

On November 10, 2005, Evraz Group S.A. issued guaranteed notes for the value of USD 750.000 at an issue price of 98,338 %, bearing interest at 8,25% (Note 7).

The amount of USD 12.465 (EUR 10.587) resulting from the difference between the issue price and the nominal value was capitalised and amortised on a straight-line basis over the life of the notes.

Transaction costs in respect of the notes amounting to USD 5.046 (EUR 4.771) were also capitalised and amortised over the life of the notes.

In 2007 and 2006, the Company incurred loan arrangement costs of USD 63.315 (EUR 43.922) and USD 6.879 (EUR 5.402), respectively. These costs were capitalised and amortised over the period of the borrowings.

On April 24, 2008, the Company issued notes due 2013 amounting to USD 1.300.000 and notes due 2018 amounting to USD 700.000 (Note 7). Transaction costs in respect of these notes amounting to USD 17.479 (EUR 11.084) were capitalised and amortised on a straight-line basis over the life of the notes.

In July 2009, the Company issued unsecured convertible bonds due 2014 amounting to USD 650.000. Transaction costs in respect of these bonds amounting to USD 9.865 (EUR 6.879) were capitalised and amortised over the life of the bonds.

In November and December 2009, the Company received the consent of its lenders and note-holders to amend the terms of certain financial covenants (Note 7). In connection with the covenant reset, the Company incurred consent fees and legal costs of USD 112.375 (EUR 76.320). These costs were capitalised and amortised over the period of the borrowings.

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**NOTES TO THE ANNUAL ACCOUNTS (continued)**  
December 31, 2009

*(All monetary amounts are expressed in thousands)*

**NOTE 4 – SHARES IN AFFILIATED UNDERTAKINGS**

	<b>2009</b>	<b>2008</b>
Mastercroft Limited	3.831.982	1.336.875
Highveld Steel and Vanadium Corporation	-	555.443
Strategic Minerals Corporation	94.291	97.791
Vanston Limited	42.500	42.500
Evrax Overseas S.A.	-	2.002
Emmy N.A.	-	19
Evrax Vitkovice Steel	11	11
Evrax Inc. N.A.	-	473.560
Palmrose Limited	732.108	757.082
Evrax Inc. N.A. Canada	582.038	365.272
Delong Holdings Limited	19.228	16.169
ECS Holdings Europe B.V.	29	-
	<b>5.302.187</b>	<b>3.646.724</b>

**Mastercroft Limited**

At December 31, 2009 and 2008, the Company held 100% of the shares in Mastercroft.

On December 18, 2007, Mastercroft issued 12.000 ordinary shares for USD 1.200.000 to the Company. In 2007, the Company paid USD 859.200 in respect of the newly issued shares. At December 31, 2007, amounts owed to affiliated undertakings included USD 340.800 (EUR 231.506) in respect of the unpaid shares of Mastercroft.

On January 30, 2008, the Company paid USD 16.300 (EUR 11.006) of the outstanding amount. In April 2008, the remaining balance in the amount of USD 324.500 (EUR 207.216) was offset against the loans payable by Mastercroft to the Company under the loan agreements signed in May 2007.

On June 23, 2009, Mastercroft issued 1.000 ordinary shares for USD 670.000 (EUR 479.324) to the Company. The amount payable for the newly issued shares was fully offset by the transfer of the Highveld shares from the Company to Mastercroft in accordance with to the Share Contribution Agreement signed on June 23, 2009.

**NOTES TO THE ANNUAL ACCOUNTS (continued)**  
December 31, 2009

*(All monetary amounts are expressed in thousands)*

**NOTE 4 – SHARES IN AFFILIATED UNDERTAKINGS (CONTINUED)**

On June 26, 2009, Mastercraft issued 1.000 ordinary shares for USD 2.465.000 to the Company. The amount of USD 781.149 (EUR 554.164) was offset against the shares of Evraz Inc. N.A. transferred by the Company to Mastercraft according to the Share contribution and settlement agreement signed on June 26, 2009. The amount of USD 1.683.851 (EUR 1.194.559) was offset against the loans receivable from Evraz Inc. N.A., which were transferred by the Company to Mastercraft Finance Limited (subsidiary of Mastercraft) in accordance with the Contribution and assignment agreement signed on June 26, 2009 (Note 5).

On July 28, 2009, Mastercraft issued 1.000 ordinary shares for USD 380.000 (EUR 267.060) to the Company. In 2009, the Company paid for these shares in cash.

As at December 31, 2009 and 2008, the underlying equity of Mastercraft amounted to EUR 3.706.755 and EUR 1.270.712, respectively.

**Highveld Steel and Vanadium Corporation**

At December 31, 2007, the Company owned 80.223.738 shares of Highveld, which represented 80,91% of the Highveld's share capital.

In 2008, the Company acquired 4.162.606 shares of Highveld (4,2% of share capital) for a cash consideration of ZAR 535.031 (EUR 46.885). Transaction costs amounting to USD 320 (EUR 202) were included in the cost of investments in Highveld.

The summary of the movements in investments in Highveld during 2008 is presented below:

Investments in Highveld at December 31, 2007	EUR	508.356
Acquisition of shares	EUR	46.885
Transaction costs capitalised	EUR	202
Investments in Highveld at December 31, 2008	EUR	<u>555.443</u>

On June 23, 2009, the Company contributed its ownership interest in Highveld to Mastercraft. The fair value of the contributed shares, determined based on market quotations, amounted to USD 670.000 (EUR 479.324). The difference between the cost of investment in Highveld and its fair value amounting to USD 81.350 (EUR 58.199) was recorded as a loss on disposal of investments.

As at December 31, 2008, the underlying equity of Highveld amounted to EUR 419.075.

**NOTES TO THE ANNUAL ACCOUNTS (continued)**  
December 31, 2009

*(All monetary amounts are expressed in thousands)*

**NOTE 4 – SHARES IN AFFILIATED UNDERTAKINGS (CONTINUED)**

**Evraz Inc. N.A.**

At December 31, 2008, the investments in Evraz Inc. N.A. amounted to USD 610.634 (EUR 473.560).

In June 2009, the Company made a cash contribution to Evraz Inc. N.A. in the amount of USD 170.000 (EUR 121.459). On June 26, 2009, the Company entered into a number of agreements with Mastercraft and its subsidiary, under which the shares of Evraz Inc. N.A. have been contributed to the share capital of Mastercraft and the loans receivable from Evraz Inc. N.A. have been transferred to Mastercraft Finance Limited. Gain on disposal of investments in Evraz Inc. N.A. amounting to USD 515 (EUR 366) was recognised in the profit and loss account for the year ended December 31, 2009.

As at December 31, 2008, the underlying equity of Evraz Inc. N.A. amounted to USD 547.441 (EUR 393.361).

**Strategic Minerals Corporation**

The Company owns 72,84% of ordinary shares of Strategic Minerals Corporation (“Stratcor”), including 69,00% of voting shares. At December 31, 2009, the cost of investments amounted to USD 120.471 (EUR 94.055), including transaction costs of USD 1.383 and fair value of contingent consideration amounting to USD 21.161.

Under the share purchase agreement signed in 2006, the Company is obliged to pay to the seller the earn-out and synergy payments during the period from 2007 to 2019. The payments depend on the deviation of the average prices for vanadium pentoxide from certain levels and the amounts payable for each year are limited to maximum amounts.

Liabilities for the earn-out and synergy payments were recognised at fair value, which was determined based on the expected amounts to be paid, the timing of payments and applicable discount rate. In 2009, the Company re-assessed its future earn-out and synergy payments, which led to a decrease in the investments in Stratcor by EUR 3.500 (2008: decrease by EUR 1.437).

In 2009, the Company paid USD 7.956 (EUR 5.523) to acquire a 5,92% ownership interest in Stratcor, which is shown as a prepayment in the balance sheet at December 31, 2009. The ownership rights have been transferred to the Company in 2010.

At December 31, 2009 and 2008, the underlying equity of Stratcor amounted to USD 103.697 (EUR 71.982) and USD 84.956 (EUR 61.045), respectively.

**NOTES TO THE ANNUAL ACCOUNTS (continued)**  
December 31, 2009

*(All monetary amounts are expressed in thousands)*

**NOTE 4 – SHARES IN AFFILIATED UNDERTAKINGS (CONTINUED)**

**Vanston Limited**

On September 13, 2006, the Company acquired 100% ownership interest in Vanston Limited from Mastercroft for EUR 42.500. Vanston Limited owns Evraz Palini e Bertoli.

As at December 31, 2009 and 2008, the underlying equity of Vanston amounted to EUR 51.893 and EUR 38.220, respectively.

**Evraz Vitkovice Steel**

In January 2006, the Company purchased 100% of the share capital of ABA Assets s.r.o. (the Czech Republic) for EUR 11. In January 2006, ABA Assets acquired a controlling interest in Vitkovice Steel, a steel rolling mill, located in the Czech Republic, from Mastercroft. In 2007, ABA Assets was merged with its subsidiary – Evraz Vitkovice Steel.

At December 31, 2009 and 2008, the underlying equity of Evraz Vitkovice Steel amounted to EUR 333.884 and EUR 180.180, respectively.

**Emmy N.A.**

Emmy N.A. S.à.r.l. (Luxembourg) was established in 2007 for the purpose of acquisition of the steel businesses in Canada. On July 6, 2009, Emmy N.A. S.à.r.l. was liquidated.

**Evraz Overseas**

On April 20, 2007, the Company incorporated Evraz Overseas S.A., a wholly owned subsidiary located in Switzerland. Transactions costs amounted to CHF 500 (EUR 304).

On April 1, 2008 Evraz Overseas S.A. increased its share capital to 3.200.000 shares. The shares were fully subscribed by the Company for CHF 2.700 (EUR 1.699). At December 31, 2009, the investments in Evraz Overseas S.A. were considered as fully impaired and this loss was included in the value adjustment in respect of financial assets.

As at December 31, 2009 and 2008, the underlying equity of Evraz Overseas amounted to EUR (6.866) and EUR (3.578), respectively.

**NOTES TO THE ANNUAL ACCOUNTS (continued)**  
December 31, 2009

*(All monetary amounts are expressed in thousands)*

**NOTE 4 – SHARES IN AFFILIATED UNDERTAKINGS (CONTINUED)**

**Palmrose Limited**

Palmrose Limited (“Palmrose”) is a Cyprus-based holding company, which owns controlling interests in certain steel and mining businesses located in Ukraine:

- Sukha Balka iron ore mining and processing complex;
- Dnepropetrovsk Iron and Steel Works;
- three coking plants (Bagleykoks, Dneprkoks, Dneprodzerzhinsk Coke Chemical Plant).

Lanebrook, the Company’s parent, acquired these production assets in 2007.

On December 5, 2007, the Company signed an agreement with Lanebrook for the acquisition of Palmrose. In 2007, the Company made prepayments amounting to USD 1.060.000 (EUR 720.060) for the acquisition of Palmrose.

On April 14, 2008, the Company acquired a 51.4% share in Palmrose for a cash consideration of USD 1.110.000 (EUR 764.845).

On September 9, 2008, the Company issued 4.195.150 shares in exchange for 972 shares of Palmrose. The fair value of the issued shares determined by an independent appraiser amounted to EUR 714.080, which was allocated to share capital (EUR 8.390) and share premium (EUR 705.690). The amount of EUR 2 representing the unpaid share capital of Palmrose was included in the amounts owed to affiliated undertakings. In 2009, this amount was fully paid by the Company.

In 2008, the Company recognised an impairment loss in the amount of EUR 721.846 in respect of investments in Palmrose. In 2009, an impairment loss in the amount EUR 19.227 was reversed.

In 2009, the purchase price for the acquisition of Palmrose was reduced by USD 65.000 (EUR 44.201). The amount was received from Lanebrook Limited in cash. This change in the purchase price reduced the amount of investments in Palmrose.

At December 31, 2009 and 2008, the underlying equity of Palmrose amounted to EUR 1.462.198 and EUR 1.514.809, respectively.

**NOTES TO THE ANNUAL ACCOUNTS (continued)**  
December 31, 2009

*(All monetary amounts are expressed in thousands)*

**NOTE 4 – SHARES IN AFFILIATED UNDERTAKINGS (CONTINUED)**

**Evraz Inc. N.A. Canada**

On March 14, 2008, the Company entered into a Stock-Purchase Agreement to acquire IPSCO's Canadian plate and pipe business ("IPSCO Canada"). IPSCO Canada is a leading North American producer of steel plate, as well as pipe for the oil and gas industry.

According to the agreement, the Company acquired 526.944.510 ordinary shares of 6938621 Canada Inc., a company registered in Canada, for a total purchase consideration of USD 526.945 (EUR 341.794). Transaction costs amounting to USD 17.676 (EUR 12.833) were included in the cost of investments in IPSCO.

Total cash consideration paid by the Company for investments in IPSCO amounted to USD 533.933 (EUR 346.203).

On July 31, 2008, the Company subscribed to 17.000.000 ordinary shares issued by 6938621 Canada Inc. at an aggregate subscription price of CAD 17.000 (EUR 10.645). The payment of subscription price was offset against Promissory note 2 dated June 12, 2008 received by the Company from 6938621 Canada Inc. (Note 5).

On September 11, 2008, 6938621 Canada Inc. was renamed into Evraz Inc. N.A. Canada.

As of December 31, 2008, total investments in Evraz Inc. N.A. Canada amounted to USD 560.617 (EUR 365.272).

On February 27, 2009, Evraz Inc. N.A. Canada increased its share capital by 346.500.000 shares with par value of CAD 0,001 each. The Company subscribed to these shares at an aggregate subscription price of CAD 346.500 (EUR 216.766). The payment of the subscription price was offset against Amended and Restated Note #1 dated November 28, 2008 received by the Company from Evraz Inc. N.A. Canada (Note 5).

At December 31, 2009 and 2008, the underlying equity of Evraz Inc. N.A. Canada amounted to EUR 542.651 and EUR 304.766, respectively.

**NOTES TO THE ANNUAL ACCOUNTS (continued)**  
December 31, 2009

*(All monetary amounts are expressed in thousands)*

**NOTE 4 – SHARES IN AFFILIATED UNDERTAKINGS (CONTINUED)**

**Delong Holdings Limited**

On February 18, 2008, the Company entered into a Share Purchase Agreement to acquire up to approximately 51,05% of the issued share capital of Delong Holdings Limited (“Delong”), a hot-rolled coil manufacturer, headquartered in Beijing (China), over an agreed period of time. This transaction was subject to anti-trust clearance by the regulatory authorities of China.

The Share Purchase Agreement entered into between the Company, Best Decade and the shareholders of Best Decade included an initial sale to the Company of 10,01% of the issued share capital of Delong for SGD 211.000 (USD 150.000 at the exchange rate as of the date of the agreement).

On February 22, 2008, the Company paid USD 150.415 (EUR 100.572) for 53.557.498 ordinary shares of Delong Holdings Limited and became the owner of 10.01% of its share capital.

Transaction costs amounted to USD 2.569 (EUR 1.654).

In 2008, the Company recognised an impairment loss in the amount of EUR 86.058 in respect of the investments in Delong Holdings Limited.

In 2009, the Company reversed part of the previously recognised impairment loss in the amount of EUR 3.175 due to the increase in market prices for the shares of Delong.

**Cape Lambert Iron Ore**

From March to June 2008, the Company purchased 4.033.021 ordinary shares and 56.050.143 options of Cape Lambert Iron Ore for USD 19.499 (EUR 12.506).

On July 11, 2008, all options were converted into ordinary shares. The cash consideration, which was paid by the Company, amounted to USD 14.970 (EUR 9.454).

On October 13, 2008, all shares were sold to Evraz Inc. N.A. for a sale price of EUR 13.306, resulting in an impairment loss of EUR 8.654.

On September 12, 2008, the Company entered into a joint venture agreement with China Metallurgical Group Corporation (MCC) and Blessing City Investments Limited (BCI). The joint venture was created for cooperative development of ore deposit. In accordance with the agreement, on September 24, 2008, the Company paid AUD 10.000 (EUR 5.695) as a deposit. As of December 31, 2008, the Company decided not to participate in the joint venture and recognised an impairment loss for the whole amount of the deposit (EUR 4.932 at the exchange rate as of December 31, 2008).

**NOTES TO THE ANNUAL ACCOUNTS (continued)**  
December 31, 2009

*(All monetary amounts are expressed in thousands)*

**NOTE 4 – SHARES IN AFFILIATED UNDERTAKINGS (CONTINUED)**

**ECS Holdings Europe B.V.**

On August 4, 2009, the Company incorporated a wholly-owned subsidiary in the Netherlands – ECS Holdings Europe B.V. Transaction costs amounted to EUR 18.

On October 16, 2009, the Group contributed EUR 11 to the capital of ECS Holdings Europe B.V.

At December 31, 2009, the underlying equity of ECS Holdings Europe B.V. amounted to EUR (1).

**NOTE 5 – LOANS TO AFFILIATED UNDERTAKINGS AND OTHER AMOUNTS OWED BY AFFILIATED UNDERTAKINGS**

	<b>Type of receivables</b>	<b>2009</b>	<b>2008</b>
<i>Becoming due and payable within one year</i>			
Mastercroft Limited	dividends	-	252
Vanston Limited	loan	16.886	30.552
EMMY N.A.	loan	-	364.692
Evraz Inc. N.A. Canada	loan	-	574.837
	other		
Highveld Steel and Vanadium Corporation	receivables	16	71
	other		
Lanebrook Limited	receivables	36.883	57.887
		53.785	1.028.291
<i>Becoming due and payable after more than one year</i>			
Evraz Inc. N.A.	loan	-	1.153.647
Evraz Holding	loan	-	86
Evraz Inc. N.A. Canada	loan	907.968	597.071
		907.968	1.750.804
		<b>961.753</b>	<b>2.779.095</b>

EVRAZ GROUP S.A.  
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**NOTES TO THE ANNUAL ACCOUNTS (continued)**  
December 31, 2009

*(All monetary amounts are expressed in thousands)*

**NOTE 5 – LOANS TO AFFILIATED UNDERTAKINGS AND OTHER AMOUNTS  
OWED BY AFFILIATED UNDERTAKINGS (CONTINUED)**

In the year ended December 31, 2009, the movement of loans issued to related parties was as follows:

*Loans denominated in USD*

	Interest rate	Maturity date	Balance at December 31, 2008	Unamortised debt issue costs	Loans issued to related parties	Interest income	Settlement of the loans	Debt issue costs amortised	Effect of exchange rate changes	Balance at December 31 2009
<i>EvrazHolding LLC</i>	6,00%	14.07.2009	120	-	-	3	(123)	-	-	-
<i>Emmy N.A.</i>	10,00%	30.01.2009	507.542	-	-	-	(507.542)	-	-	-
<i>East Metals S.A.</i>	5,50%	15.12.2009	-	-	222.500	838	(223.338)	-	-	-
<i>Evraz Inc. N.A. Canada</i>	7,6225%/6,03531%	10.12.2014	800.000	-	-	61.192	(61.192)	-	-	800.000
<i>Evraz Inc. N.A. loan A</i>	9,17%	26.06.2009	320.000	(1.937)	-	14.924	(334.924)	1.937	-	-
<i>Evraz Inc. N.A. loan B</i>	9,41%	26.06.2009	295.000	(1.852)	-	14.122	(309.122)	1.852	-	-
<i>Evraz Inc. N.A. loan C</i>	9,67%	26.06.2009	360.000	(945)	-	17.715	(377.715)	945	-	-
<i>Evraz Inc. N.A. loan D</i>	9,78%	26.06.2009	370.000	-	-	18.417	(388.417)	-	-	-
<i>Evraz Inc. N.A. loan E</i>	9,91%	26.06.2009	260.530	-	-	13.143	(273.673)	-	-	-
			<b>2.913.192</b>	<b>(4.734)</b>	<b>222.500</b>	<b>140.354</b>	<b>(2.476.046)</b>	<b>4.734</b>	<b>-</b>	<b>800.000</b>
<b>Translation into euro</b>			<b>2.093.261</b>	<b>(3.000)</b>	<b>148.621</b>	<b>100.627</b>	<b>(1.784.657)</b>	<b>3.000</b>	<b>(2.528)</b>	<b>555.324</b>

*Loans denominated in EURO*

	Interest rate	Maturity date	Balance at December 31, 2008	Loans issued to related parties	Interest income	Settlement of the loans	Effect of exchange rate changes	Balance at December 31, 2009
Vanston Limited	7,20%	08.07.2009	65	-	2	(67)	-	-
Vanston Limited	7,20%	08.07.2009	784	-	-	(784)	-	-
Vanston Limited	7,20%	16.07.2009	2.008	-	-	(2.008)	-	-
Vanston Limited	7,20%	31.12.2010	27.695	-	1.466	(12.265)	(10)	16.886
Emmy	8,75%	03.06.2009	-	19	-	(19)	-	-
			<b>30.552</b>	<b>19</b>	<b>1.468</b>	<b>(15.143)</b>	<b>(10)</b>	<b>16.886</b>

**NOTES TO THE ANNUAL ACCOUNTS (continued)**  
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*(All monetary amounts are expressed in thousands)*

**NOTE 5 – LOANS TO AFFILIATED UNDERTAKINGS AND OTHER AMOUNTS  
OWED BY AFFILIATED UNDERTAKINGS (CONTINUED)**

*Loans denominated in Canadian dollars*

:	Interest rate	Maturity date	Balance at December 31, 2008	Loans issued to related parties	Interest income	Settlement of the loans	Effect of exchange rate changes	Balance at December 31, 2009
<i>Evrax Inc. N.A. Canada</i>	8,08%	12.06.2018	1.014.902	-	52.241	(533.662)		533.481
			<b>1.014.902</b>	<b>-</b>	<b>52.241</b>	<b>(533.662)</b>	<b>-</b>	<b>533.481</b>
<b>Translation into EUR</b>			<b>597.071</b>	<b>-</b>	<b>32.959</b>	<b>(332.929)</b>	<b>55.543</b>	<b>352.644</b>

In the opinion of Directors, the above loans do not present any permanent impairment as of December 31, 2009.

**NOTE 6 – CAPITAL AND RESERVES**

**Subscribed Capital**

Number of shares	2009	2008
<i>Authorised</i>		
Ordinary shares of EUR 0,002 each	257.204.326	157.204.326
<i>Issued and fully paid</i>		
Ordinary shares of EUR 0,002 each	145.957.121	122.504.803

Shareholders of the Company are entitled to standard rights provided under the laws of Luxembourg to shareholders of stock companies (“société anonyme”). These rights comprise the right to vote at the shareholders meetings and the right to receive dividends.

*Acquisition of Palmrose*

On September 9, 2008, the Company issued 4.195.150 shares in exchange for 972 shares of Palmrose Limited. The fair value of the issued shares determined by an independent appraiser amounted to EUR 714.080 and was allocated to share capital (EUR 8.390) and share premium (EUR 705.690).

**NOTES TO THE ANNUAL ACCOUNTS (continued)**  
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*(All monetary amounts are expressed in thousands)*

**NOTE 6 – CAPITAL AND RESERVES (CONTINUED)**

*Scrip Dividends*

On January 30, 2009, the Extraordinary General Meeting approved the modification of the method of payment of the 2008 interim dividends: euro equivalent of the outstanding dividends of USD 0,00225 per share could be either exchanged for new shares of the Company or paid in cash to the shareholders who voted against or abstained from voting. The voluntary partial scrip dividend alternative was voted for in respect of 97.553.473 shares, representing 79,62% of the Company's share capital, entitling the holders to subscribe to 9.755.347 new shares issued at a price of USD 0.0225 per share. The new shares are ranked pari passu with the existing ordinary shares of the Company. The Company's major shareholder, Lanebrook Limited, subscribed to 9.193.477 shares. The value of the issued shares amounted to EUR 171.267 (at the exchange rate as of January 30, 2009), which was allocated to share capital (EUR 19.511) and share premium (EUR 151.756).

*Increase of Authorised Share Capital*

On July 31, 2009, the Company increased its authorised share capital by 100.000.000 shares with par value of EUR 0,002 each. In addition, in connection with the issue of convertible bonds, the shareholders resolved to extend the authority of the Board of Directors to issue new shares for another five years as well as the right of the Company to acquire up to 10% of its own shares.

*Equity Offering*

In 2009, the Company completed the offering of global depository receipts (the "Equity Offering"). On July 13, 2009, the Company issued the Global Depository Receipts ("GDRs") listed on the London Stock Exchange, representing ordinary shares of the Company for the total amount of USD 300.000. 6.060.608 new shares were issued at an issue price of USD 0,01650 per GDR (USD 0,0495 per share). The value of the issued shares amounted to EUR 214.669 (at the exchange rate as at July 13, 2009) and was allocated to share capital (EUR 12.121) and share premium (EUR 202.548).

The Company has granted to the Goldman Sachs and Morgan Stanley ("Joint Book runners") an over-allotment option to subscribe to up to 909.090 additional GDRs, represented by 303.030 additional new shares, corresponding to additional gross proceeds of USD 15.000. This option was exercised in full on July 27, 2009. The value of the issued shares amounted to EUR 10.512 (at the exchange rate as of July 27, 2009), which was allocated to share capital (EUR 606) and share premium (EUR 9.906).

**NOTES TO THE ANNUAL ACCOUNTS (continued)**  
December 31, 2009

*(All monetary amounts are expressed in thousands)*

**NOTE 6 – CAPITAL AND RESERVES (CONTINUED)**

*Shares Lending*

In order to facilitate the issuance of the convertible bonds, Morgan Stanley offered to certain institutional investors an opportunity to borrow ordinary shares of the Company, represented by GDRs, during the term of the bonds by means of a loan of GDRs beneficially owned by Lanebrook (the "Borrowed GDRs").

On August 4, 2009, the Board of Directors approved the issue of the new ordinary shares to Lanebrook in the amount equal to the number of shares underlying the borrowed GDRs. The Group effected a novation of the stock lending arrangements, whereby the Company was substituted for Lanebrook as a lender of the borrowed GDRs. As a result, on August 12, 2009, 7.333.333 new shares were issued to Lanebrook at the price of USD 0,0212 per GDR or USD 0,0636 per share in exchange for the right to receive 7.333.333 shares lent under the shares lending agreement. These shares were recognised as other financial assets in the balance sheet as at December 31, 2009. The value of the issued shares amounted to EUR 329.146 (at the exchange rate as of August 12, 2009), which was allocated to share capital (EUR 14.667) and share premium (EUR 314.479).

Transaction costs in respect of the capital increase in the amount of EUR 3.568 were recorded in other operating charges.

*Non-Distributable Reserves*

As of December 31, 2008, Mastercraft Limited, a wholly owned subsidiary of Evraz Group S.A., and Mastercraft Finance Limited, a wholly owned subsidiary of Mastercraft Limited, held together 202.296 global depositary receipts ("GDR"), including 163.000 GDRs, which were held by the Company's direct subsidiary. In accordance with the Luxembourg laws, the Company recognised a non-distributable reserve for the global depositary receipts held by its direct subsidiary thereby reducing the share premium in the amount of USD 5.778 (EUR 4.152). In 2009, Mastercraft Limited sold all GDRs and non-distributable reserve was transferred to the share premium. In addition, in 2009, the Company recognised a non-distributable reserve for the contributed rights under the stock lending agreement amounting to EUR 329.146.

**Legal reserve**

According to the Luxembourg Law, the Company is required to create a legal reserve of 10% of share capital per the Luxembourg statutory accounts by annual appropriations which should be at least 5% of the annual net profit per statutory financial statements. The legal reserve can be used only in case of a bankruptcy.

In 2009 and 2008, EUR 839 and EUR 162, respectively, were allocated to legal reserve.

**NOTES TO THE ANNUAL ACCOUNTS (continued)**  
December 31, 2009

*(All monetary amounts are expressed in thousands)*

**NOTE 6 – CAPITAL AND RESERVES (CONTINUED)**

**Dividends**

Dividends declared by the Company were as follows:

	<b>Date of declaration</b>	<b>To holders registered at</b>	<b>Dividends declared, USD</b>	<b>USD per share</b>	<b>Equivalent in EUR</b>
Final for 2007	15/05/2008	14/05/2008	496.901	4.20	321.120
Interim for 2008	28/08/2008	18/09/2008	1.010.665	8.25	684.222

The shareholders meeting held May 15, 2009 resolved not to declare final dividends for 2008. No interim dividends were declared during 2009.

**NOTE 7 – NON-CONVERTIBLE BONDS**

*Notes due 2015*

On November 10, 2005, the Company issued guaranteed notes in the amount of USD 750.000 at an issue price of 98,338%, bearing interest of 8,25% per annum and maturing on November 10, 2015. These notes are unconditionally and irrevocably guaranteed without limitation for an amount by Mastercroft.

The notes were subscribed for an amount of USD 737.535 (EUR 623.497), but they will be redeemed at their principal amount of USD 750.000. The difference between the issue price and the nominal value of USD 12.465 (EUR 10.587) was capitalised and is amortised over the maturity period of the notes.

Interest on the notes is payable semi-annually in arrears on May 10 and November 10 of each year commencing May 10, 2006. As at December 31, 2009 and 2008, the accrued interest amounted to USD 6.793 (EUR 4.715) and USD 8.521 (EUR 6.123), respectively.

In 2009 and 2008, the Company repurchased the notes due 2015 with the nominal amount of USD 148.100 and USD 25.200, respectively, for cash consideration of USD 90.028 and USD 13.863, respectively. As a result, the Company recognised gain on extinguishment of debts in the amount of USD 58.072 (EUR 45.378) and USD 11.337 (EUR 8.095), respectively.

**NOTES TO THE ANNUAL ACCOUNTS (continued)**  
December 31, 2009

*(All monetary amounts are expressed in thousands)*

**NOTE 7 – NON-CONVERTIBLE BONDS (CONTINUED)**

*Notes due 2013 and 2018*

On April 24, 2008, the Company issued notes in the amount of USD 1.050.000 maturing on April 24, 2013 and bearing interest of 8,875%, and notes in the amount of USD 550.000 maturing on April 24, 2018 and bearing interest of 9,5%. The notes were issued at a price of 100%.

On May 27, 2008, the Company issued additional tranches of the notes due 2013 and notes due 2018 amounting to USD 250.000 and USD 150.000, respectively, at an issue price of 101,15% plus interest accrued from and including April 24, 2008 to May 26, 2008. The premium was recognised in deferred income and is amortised over the maturity period of the notes.

Interest on the notes is payable semi-annually in arrears on April 24 and October 24 of each year commencing October 24, 2008. As at December 31, 2009 and 2008, the accrued interest amounted to USD 28.434 (EUR 19.738) and USD 30.757 (EUR 22.101), respectively.

On December 24, 2008, the Company repurchased notes due 2013 with the nominal amount of USD 55.000 for a cash consideration of USD 30.255 and notes due 2018 with the nominal amount of USD 139.800 for a cash consideration of USD 76.929. As a result, the Company recognised a gain on extinguishment of debts in the amount of USD 87.616 (EUR 62.560). In 2009, the Company repurchased notes due 2013 with the nominal amount of USD 89.100 (EUR 68.133) for a cash consideration of USD 52.160 (EUR 39.681) and notes due 2018 with the nominal amount of USD 51.000 (EUR 38.702) for a cash consideration of USD 29.284 (EUR 22.136). As a result, the Company recognised a gain on extinguishment of debts in the amount of USD 58.656 (EUR 44.837).

*Covenants Reset*

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

In November 2009, the lenders under certain bank facilities approved the requested amendments to the agreements, which included a reset of the financial covenants. The total principal amount of these borrowings at December 31, 2009 was USD 2.178.860. In addition, the covenants have been reset in respect of certain loans of the entities under control of the Company.

**NOTES TO THE ANNUAL ACCOUNTS (continued)**  
December 31, 2009

*(All monetary amounts are expressed in thousands)*

**NOTE 7 – NON-CONVERTIBLE BONDS (CONTINUED)**

*Covenants Reset (continued)*

As a result, the financial covenant ratios tested on the Group's consolidated numbers were loosened, with no testing for the year 2009; all financial covenant ratios that were tested on the consolidated numbers of Mastercraft Limited were replaced with the new ratios tested on the Group's consolidated numbers; new restrictions on capital expenditure, acquisitions and loans to third parties were established; a number of exemptions were introduced to the debt incurrence covenants, where applicable, allowing the Group to refinance its current debt maturities in the ordinary course.

In December 2009, the Group received the consent of the holders of its notes due in 2013, 2015 and 2018 totaling USD 2.241.800 to amend the terms of certain covenants in the notes. The financial covenant ratios of the notes were subsequently amended in a manner similar to the amendments to the bank facilities.

In connection with the covenants reset the Company incurred transaction costs comprising consent fees and legal fees amounting to USD 112.375, which will be amortised during the period of the borrowings. At December 31, 2009, the unpaid transaction costs were USD 29.256.

**NOTE 8 – CONVERTIBLE BONDS**

In July 2009, the Company issued unsecured convertible bonds for the total amount of USD 650.000 at a price of 100%. They bear interest of 7,25% per annum payable on a quarterly basis and mature on July 13, 2014.

The conversion can be exercised at the option of the bondholders on any date during the period from September 11, 2009 till July 6, 2014. The bonds will be convertible into GDRs at an initial conversion price of USD 0,0212 per GDR. The conversion price represents a 28% premium to the equity offering placement price of USD 0,0165 per GDR, which is the reference price for the convertible bonds. The Company can early redeem the bonds at their principal amount plus accrued interest if 15% or less of the bonds remain outstanding.

As at December 31, 2009, the accrued interest amounted to USD 10.296 (EUR 7.147).

**NOTES TO THE ANNUAL ACCOUNTS (continued)**  
December 31, 2009

*(All monetary amounts are expressed in thousands)*

**NOTE 9 – AMOUNTS OWED TO CREDIT INSTITUTIONS**

**Long-Term Loans**

*Natixis*

In June 2006, the Company borrowed a syndicated loan of USD 225.000 arranged by Natixis (formerly Natexis Banques Populaires). The loan bears a fixed interest of 6,681% per annum payable on a monthly basis and is repayable in 42 monthly installments starting from January 9, 2007 to May 6, 2011. In 2009, the Company repaid USD 64.286 of principal amount of loan and USD 13.351 of accrued interest. As at December 31, 2009 and 2008, the outstanding principal amounted to USD 96.428 (EUR 66.936) and USD 160.714 (EUR 115.481), respectively, and the outstanding accrued interest was USD 477 (EUR 331) and USD 686 (EUR 493), respectively.

In December 2009, the Company entered into amendment agreement with Natixis regarding the covenants reset. Interest rate from this date was increased by the margin of 2,55%.

*Deutsche Bank*

In November and December 2007, the Company borrowed a syndicated loan of USD 3.214.000 under which Deutsche Bank Amsterdam Branch acts as an agent for all lenders. The loan bears interest of LIBOR plus 1,8% per annum. The loan consists of a 3-year unsecured tranche of USD 500.000 and a 5-year secured tranche of USD 2.174.000. The secured tranches are repayable in quarterly un settlements from February 25, 2008 to November 23, 2010.

The 5-year tranche secured by the proceeds of the sales contracts of East Metals S.A., an indirect subsidiary of the Company, is repayable in quarterly installments from November 24, 2008 to November 23, 2012. The facility is unconditionally and irrevocably guaranteed without limitation for an amount by Mastercraft.

In 2009 and 2008, the Company repaid USD 166.667 and USD 166.667, respectively, relating to the 3-year unsecured tranche and USD 638.588 and USD 159.647, respectively, of the principal amount of loan and USD 77.822 and USD 143.041, respectively, of the accrued interest in respect of the 5-year secured tranche. As at December 31, 2009 and 2008, the outstanding principal amounted to USD 2.082.431 (EUR 1.445.531) and USD 2.887.686 (EUR 2.074.934), respectively, and the outstanding accrued interest was USD 4.774 (EUR 3.314) and USD 11.733 (EUR 8.430), respectively.

In December 2009, the Company entered into an amendment agreement with Deutsche Bank, under which the interest rate was increased by the margin of 2 % starting from December 29, 2009.

**NOTES TO THE ANNUAL ACCOUNTS (continued)**  
December 31, 2009

*(All monetary amounts are expressed in thousands)*

**NOTE 9 – AMOUNTS OWED TO CREDIT INSTITUTIONS (CONTINUED)**

**Long-Term Loans (continued)**

*Vnesheconombank*

On November 21, 2008, the Company entered into the loan agreement with Vnesheconombank (VEB). In accordance with this loan agreement, the Company borrowed USD 1.006.569 for partial refinancing of the loan from Deutsche Bank. The loan bears interest of LIBOR plus 5% per annum payable on a quarterly basis and matures one year later than a tranche is provided.

The borrowing was executed by five tranches. On November 24, 2008, the first tranche amounting to USD 201.314 (EUR 144.653 at the exchange rate as of December 31, 2008) was borrowed by the Company.

In 2009, the remaining four tranches were borrowed by the Company in the amount of USD 201.314 each.

In November 2009, the Company signed an amendment, according to which the loan matures twenty four months after disbursement of each tranche.

At December 31, 2009, the outstanding principal amounted to USD 1.006.569 (EUR 698.715) and the outstanding accrued interest was USD 6.960 (EUR 4.832).

**Short-Term Loans**

In June 2006, the Company borrowed USD 207.000 from Credit Suisse. The loan bore interest of LIBOR plus 2% per annum payable on a quarterly basis. The principal amount was payable in bullet repayment with a final payment on July 18, 2008. The principal amount and accrued interest were fully repaid by the Company in 2008.

In September 2006, the Company borrowed USD 207.000 arranged by ABN Amro Bank N.V. London Branch. The loan bore interest of LIBOR plus 0,8% per annum payable on a quarterly basis and matured on September 10, 2007. On this date ABN Amro agreed to extend the maturity date to September 9, 2008. The principal amount and accrued interest were fully repaid by the Company in 2008.

In December 2008, the Company entered into the loan agreement with Vnesheconombank (VEB). In accordance with this loan agreement, the Company borrowed USD 800.000. The loan bore interest of LIBOR plus 5% per annum payable on a quarterly basis and matured on December 12, 2009. The principal amount and accrued interest were fully repaid by the Company in 2009.

**NOTES TO THE ANNUAL ACCOUNTS (continued)**  
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*(All monetary amounts are expressed in thousands)*

**NOTE 9 – AMOUNTS OWED TO CREDIT INSTITUTIONS (CONTINUED)**

**Interest payable**

At December 31, 2009 and 2008, the interest payable in respect of long-term and short-term loans amounted to USD 12.211 (EUR 8.476) and USD 17.152 (EUR 12.325), respectively, and was included in current liabilities.

**NOTE 10 – AMOUNTS OWED TO AFFILIATED UNDERTAKINGS**

	<b>Type of payables</b>	<b>2009</b>	<b>2008</b>
<i>Becoming due and payable within one year</i>			
	unpaid share		
Palmrose Limited	capital	-	2
Evraz Vitkovice Steel	loan	-	35.118
East Metals S.A.	loan	305.801	89.671
Mastercroat Finance Limited	loan	28.082	42.972
KGOK	loan	3.151	-
NTMK	loan	56.992	-
ZSMK	loan	44.708	-
	dividends		
Lanebrook Limited	payable	-	137.586
Mastercroat Finance Limited	other payables	10	-
Other related parties	other payables	8.817	1.079
		<b>447.561</b>	<b>306.428</b>

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**NOTE 10 – AMOUNTS OWED TO AFFILIATED UNDERTAKINGS (CONTINUED)**

In the year ended December 31, 2009, the movement in loans received from related parties, all of which were denominated in USD, was as follows:

	Interest rate	Maturity date	Balance at December 31, 2008	Loans received from related parties	Interest expense	Repayment of loans	Effect of exchange rate changes	Balance at December 31, 2009
Mastercroft Finance Limited	7,00%	19.10.2009	59.804	124.595	3.268	(187.667)		-
Mastercroft Finance Limited	7,35%	31.12.2010	-	43.300	156	(3.000)		40.456
East Metals S.A.	6,00%	19.10.2009	124.795	124.850	2.529	(252.174)		-
East Metals S.A.	6,00%	20.10.2009	-	296.820	2.807	(299.627)		-
East Metals S.A.	6,00%	31.12.2010	-	439.000	1.537	-		440.537
KGOK	6,00%	15.12.2010	-	4.522	17	-		4.539
NTMK	6,00%	15.12.2010	-	81.800	302	-		82.102
ZSMK	6,00%	31.12.2010	-	64.170	236	-		64.406
EvrAZ Vitkovice Steel	7,00%	03.02.2009	48.874	-	315	(49.189)		-
			<b>233.473</b>	<b>1.179.057</b>	<b>11.167</b>	<b>(791.657)</b>	<b>-</b>	<b>632.040</b>
<b>Translation into EUR</b>			<b>167.761</b>	<b>820.623</b>	<b>8.006</b>	<b>(565.939)</b>	<b>8.283</b>	<b>438.734</b>

**NOTE 11 – OTHER CREDITORS**

Other creditors comprise of the following:

	2009	2008
<i>Becoming due and payable within one year</i>		
Dividends payable	-	60.471
Accrued payroll and related taxes	121	1.784
Taxes payable	79	26.415
Earn out and synergy payments (Note 4)	11.408	10.950
Other payables	23.789	14.670
	<b>35.397</b>	<b>114.290</b>
<i>Becoming due and payable after more than one year</i>		
Earn out and synergy payments (Note 4)	10.352	13.623
	<b>10.352</b>	<b>13.623</b>
	<b>45.749</b>	<b>127.913</b>

**NOTES TO THE ANNUAL ACCOUNTS (continued)**  
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*(All monetary amounts are expressed in thousands)*

**NOTE 12 – INCOME FROM PARTICIPATING INTERESTS**

In 2008, Mastercroat declared and partly paid interim dividends for 2007 in the amount of USD 400.000 (EUR 268.654). As at December 31, 2008, the outstanding amount of unpaid dividends was USD 350 (EUR 252). This amount was received in 2009. In addition, in 2008, Mastercroat declared and paid second interim dividends for 2007 in the amount of USD 200.000 (EUR 128.816). In 2008, Mastercroat declared and paid interim dividends for 2008 in the amount USD 1.650.000 (EUR 1.088.233).

In 2008, Highveld declared and paid special dividends in respect of 2007 for the total amount of ZAR 1.448.292 (EUR 120.033). In addition, in 2008, Highveld declared and paid interim dividends in the amount ZAR 1.177.912 (EUR 101.721).

In 2008, Stratcor declared and paid interim dividends in the amount of USD 16.390 (EUR 10.447).

In 2008, Evraz Vitkovice Steel declared and paid dividends in respect of 2007 for a total amount of CZK 2.106.390 (EUR 84.299).

In 2008, Delong Holdings Limited declared and paid final dividends in respect of 2007 for a total amount of SGD 2.223 (EUR 1.026).

In 2009, subsidiaries of the Company did not declare and paid any dividends.

**NOTE 13 – TAXATION**

The Company is subject to all taxes applicable to Luxembourg commercial companies.

**NOTE 14 – GUARANTEES**

At December 31, 2009, the Group had the following contingent liabilities with respect to the guarantees issued:

<b>Name of affiliated entity which debt was guaranteed by the Company</b>	<b>Subject of the guarantee</b>	<b>Principal and accrued interest at December 31, 2009 (thousands of EUR)</b>	<b>Maturity</b>
EvrazResource-Ukraine	bank loan	62.474	June 30, 2011
Evraz Vitkovice Steel	bank loan	81.868	June 11, 2012
Evraz Vitkovice Steel	credit line	9.200	not defined
Sibmetinvest	bonds	470.918	October 16, 2019

**NOTES TO THE ANNUAL ACCOUNTS (continued)**  
December 31, 2009

*(All monetary amounts are expressed in thousands)*

**NOTE 15 – SUBSEQUENT EVENTS**

*VEB Loan Amendment*

In January 2010, the Company signed an amendment to the loan agreement with VEB for USD 1.007.000. Under the revised agreement, the extension of the four tranches was cancelled, thus resulting in a reclassification of USD 805.000 into current liabilities. At the maturity dates, the Company is going to conclude separate agreements with VEB for the extension of each tranche. The interest rate will be fixed at one year LIBOR defined on two business days preceding the date of the extension agreement plus 5%.

*Issue of Rouble-Denominated Bonds*

In March 2010, the entity under control of the Company issued rouble-denominated bonds in the total amount of 15,000 million Russian roubles (\$505.779 at the exchange rate as of March 26, 2010), which bear interest of 9.25% per annum and mature in March 2013. Evraz Group S.A. guaranteed the repayment of these bonds.