EVRAZ plc

registered number: 7784342

Unaudited Interim Accounts

for the period from 1 January to 10 July 2018

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EVRAZ plc

Unaudited Statement of Comprehensive Income

(In millions of US dollars)

These interim accounts are prepared only for the purposes of Sections 836 and 838 of the Companies Act 2006. They are abridged and unaudited for the reporting period.

	Notes	Period from 1 January to 10 July 2018	Year ended 31 December 2017
		unaudited	**audited**
General and administrative expenses		**$ (4)**	$ (9)
Operating income		**3**	7
Reversal of impairment/(impairment) of investments		**–**	6
Foreign exchange gains/(losses), net		**30**	(1)
Interest expense		**(19)**	(19)
Other non-operating losses		**–**	(1)
Profit/(loss) before tax		**10**	(17)
Income tax expense		**–**	–
Net profit/(loss)		**10**	(17)
Total comprehensive income/(loss)		**$ 10**	(17)

EVRAZ plc

Statement of Financial Position

(In millions of US dollars)

These interim accounts are prepared only for the purposes of Sections 836 and 838 of the Companies Act 2006.They are abridged and unaudited for the reporting period.

	Notes	10 July 2018 unaudited	31 December 2017 audited
ASSETS			
Non–current assets			
Investments in subsidiaries	3	$ 3,190	$ 3,182
Investments in joint ventures	3	24	24
Receivables from related parties		31	17
		3,245	3,223
Current assets			
Receivables from related parties		15	10
TOTAL ASSETS		3,260	3,233
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	4	75	1,507
Treasury shares	4	(196)	(231)
Reorganisation reserve	4	(584)	(584)
Merger reserve	4	127	127
Share-based payments		142	134
Accumulated profits		2,262	1,472
		1,826	2,425
LIABILITIES			
Non-current liabilities			
Trade and other payables		16	27
Loans payable to related parties		681	630
Financial guarantee liabilities		31	17
		728	674
Current liabilities			
Trade and other payables		15	17
Payables to related parties		–	1
Loans payable to related parties		678	108
Financial guarantee liabilities		13	8
		706	134
TOTAL LIABILITIES		1,434	808
TOTAL EQUITY AND LIABILITIES		$ 3,260	$ 3,233

These Unaudited Interim Accounts were approved by the Board of Directors on 20 February 2020 and signed on its behalf by Alexander Frolov, director:

EVRAZ plc

Unaudited Statement of Cash Flows

(In millions of US dollars)

These interim accounts are prepared only for the purposes of Sections 836 and 838 of the Companies Act 2006.They are abridged and unaudited for the reporting period.

	Notes	Period from 1 January to 10 July 2018	Year ended 31 December 2017
		unaudited	audited
Cash flows from operating activities			
Net profit/(loss)		$ **10**	$ (17)
Adjustments to reconcile net loss to net cash flows from operating activities:			
Operating income		**(3)**	(7)
(Reversal of impairment)/impairment of investments		**–**	(6)
Foreign exchange (gains)/losses		**(30)**	1
Interest expense		**19**	19
Other non-operating losses		**–**	1
		(4)	(9)
Changes in working capital:			
Receivables from related parties		**3**	11
Trade and other payables		**(3)**	(8)
Net cash flow used in operating activities		**(4)**	(6)
Cash flows from financing activities			
Dividends paid to shareholders	**4**	**(617)**	(430)
Proceeds from loans provided by related parties		**1,356**	662
Repayment of loans provided by related parties, including interest		**(723)**	(217)
Payments for investments on deferred terms, including interest		**(11)**	(11)
Net cash flow from financing activities		**5**	4
Effect of foreign exchange rate changes on cash and cash equivalents		**(1)**	–
Net decrease in cash and cash equivalents		**–**	(2)
Cash and cash equivalents at the beginning of the year		**–**	2
Cash and cash equivalents at the end of the reporting period		$ **–**	$ –
Supplementary cash flow information:			
Interest paid		**(11)**	(17)

EVRAZ plc

Unaudited Statement of Changes in Equity

(In millions of US dollars)

These interim accounts are prepared only for the purposes of Sections 836 and 838 of the Companies Act 2006. They are abridged and unaudited for the reporting period.

Audited	**Notes**	**Issued capital**	**Treasury shares**	**Reorganisation reserve**	**Merger reserve**	**Share-based payments**	**Accumulated profits**	**Total**
At 31 December 2016		$ 1,507	$ (270)	$ (584)	$ 127	$ 117	$ 1,958	$ 2,855
Total comprehensive loss for the year		–	–	–	–	–	(17)	(17)
Share-based payments		–	–	–	–	17	–	17
Dividends declared		–	–	–	–	–	(430)	(430)
Transfer of treasury shares to participants of the Incentive Plans		–	39	–	–	–	(39)	–
At 31 December 2017		$ 1,507	$ (231)	$ (584)	$ 127	$ 134	$ 1,472	$ 2,425

Unaudited	**Notes**	**Issued capital**	**Treasury shares**	**Reorganisation reserve**	**Merger reserve**	**Share-based payments**	**Accumulated profits**	**Total**
At 31 December 2017		**$ 1,507**	**$ (231)**	**$ (584)**	**$ 127**	**$ 134**	**$ 1,472**	**$ 2,425**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**–**	**10**	**10**
Share-based payments		**–**	**–**	**–**	**–**	**8**	**–**	**8**
Dividends declared	**4**	**–**	**–**	**–**	**–**	**–**	**(617)**	**(617)**
Reduction of share capital	**4**	**(1,432)**	**–**	**–**	**–**	**–**	**1,432**	**–**
Transfer of treasury shares to participants of the Incentive Plans	**4**	**–**	**35**	**–**	**–**	**–**	**(35)**	**–**
At 10 July 2018		**$ 75**	**$ (196)**	**$ (584)**	**$ 127**	**$ 142**	**$ 2,262**	**$ 1,826**

1. Corporate Information

These unaudited interim accounts were authorised for issue by the Board of Directors of EVRAZ plc on 20 February 2020.

EVRAZ plc ("EVRAZ plc" or "the Company") was incorporated on 23 September 2011 as a public company limited by shares under the laws of the United Kingdom. The Company was incorporated under the Companies Act 2006 with the registered number in England 7784342.

2. Significant Accounting Policies

Basis of Preparation

These interim accounts and notes have been prepared to support the proposed dividends in accordance with and for the purposes of Sections 836 and 838 of the Companies Act 2006, for determining whether the proposed distribution would contravene the said Act. They have been prepared on the basis of accounting policies which are in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union. These interim accounts are abridged and unaudited.

These interim accounts do not constitute statutory accounts within the meaning of Section 434(3) of the Companies Act 2006. Statutory accounts for the year ended 31 December 2017 were published in the Company's annual report and delivered to the Registrar of Companies of England and Wales. The auditor's report on those accounts was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report, and did not contain any statement under Sections 498(2) or (3) of the Companies Act 2006. No statutory accounts have been delivered to the Registrar of Companies of England and Wales in respect of the period covered by these interim accounts.

Foreign Currency Transactions

The presentation and functional currency of the Company is the US dollar. Transactions in foreign currencies are initially recorded in US dollars at the rate on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Investments

Investments in subsidiaries, associates or joint ventures are initially recorded at acquisition cost. Impairment in value is recorded if the carrying value of an investment exceeds its recoverable amount.

The initial cost of the investment in Evraz Group S.A. was measured at the carrying amount of the equity items of Evraz Group S.A. as a separate legal entity at the date of the reorganisation (Note 3).

Dividend income is recognised as revenue when the Company's 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.

2. Significant Accounting Policies (continued)

Foreign Currency Transactions

The presentation and functional currency of the Company is the US dollar. Transactions in foreign currencies are initially recorded in US dollars at the rate on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

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Dividend income is recognised as revenue when the Company's 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.

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.

Borrowings

Borrowings are initially recognised at fair value, net of directly attributable transaction costs. After initial recognition, borrowings are measured at amortised cost using the effective interest rate method; any difference between the amount initially recognised and the redemption amount is recognised as interest expense over the period of the borrowings.

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.

Financial Guarantee Liabilities

Financial guarantee liabilities issued by the Company are those contracts that require a payment to be made to reimburse the incurred losses because the specified debtor or counterparty to a contract fails to make payments or to perform the agreed terms of a contract. Financial guarantees issued by the Company are recognised initially as a liability at fair value, being equal to the estimated future cash inflows receivable from the subsidiaries under the guarantee agreements, with a corresponding recognition of the same amount as receivables from related parties. Subsequently, the liability is amortised over the lives of the guarantees through the statement of comprehensive income, unless it is considered probable that a guarantee will be called, in which case it is measured at the value of the guaranteed amount payable, if higher.

3. Investments in Subsidiaries and Joint Ventures

Investments in subsidiaries and joint ventures consisted of the following as of 31 December:

	Ownership interest		Cost, net of impairment US$ million	
	10 July 2018	31 December 2017	10 July 2018	31 December 2017
Subsidiaries				
Evraz Group S.A.	100%	100%	**3,190**	3,182
Joint Ventures				
Timir	51.00001%	51.00001%	**24**	24

4. Equity

Share Capital

Number of shares	10 July 2018	31 December 2017
Ordinary shares of $0.05 each, issued and fully paid	**1,506,527,294**	–
Ordinary shares of $1.00 each, issued and fully paid	–	1,506,527,294

EVRAZ plc does not have an authorised limit on its share capital.

On 10 July 2018 the High Court of England and Wales approved the reduction of the nominal value of each share from $1.00 to $0.05. The amount of the cancelled share capital amounting to $1,432 million increased the Company's distributable reserves.

Treasury Shares

Number of shares	10 July 2018	31 December 2017
Treasury shares	**63,177,187**	74,474,663

In 2015, EVRAZ plc purchased 108,458,508 of its own shares. These shares are used for the Company's Incentive Plans (Note 21 of the consolidated financial statements for the year ended 31 December 2017). Under these plans, in the reporting period, the Company transferred to the participants of Incentive Plans 11,297,476.

Reorganisation Reserve

Reorganisation reserve represents the difference between the net assets of Evraz Group S.A. at the date of the Group's reorganisation (7 November 2011) and the par value of the issued shares of EVRAZ plc. This charge to equity reduced the amount of distributable reserves.

4. Equity (continued)

Merger Reserve

The merger reserve arose in 2013 in connection with the purchase of 50% in Corber Enterprises S.à r.l. ("Corber") in accordance with section 612 of the Companies Act 2006. Impairments of the carrying value of this investment were transferred to the merger reserve.

In 2015, the disposal of the investment in Corber to Evraz Group S.A. (Note 3) was made for non-cash consideration, which does not meet the criteria for qualifying consideration. The balance of the merger reserve will be presented as a separate component of equity in the Company's statement of financial position until such time as Evraz Group S.A. is sold for qualifying consideration, and the merger reserve will be re-allocated to accumulated profits and become distributable.

Dividends

In the reporting period, the Company declared dividends in the amount of $617 million.

	Date of declaration	To holders registered at	Dividends declared, US$ million	US$ per share
Second Interim for 2017	28/02/2018	09/03/2018	429.6	0.30
Interim for 2018	24/05/2018	08/06/2018	187.6	0.13

Distributable Reserves

$US million	10 July 2018	31 December 2017
	unaudited	audited
Accumulated profits	2,262	1,472
Reorganisation reserve	(584)	(584)
	1,678	888

Although distributable reserves are currently calculated at $1,678 million (31 December 2017: $888 million), the Company has also considered the impact of further restrictions on distributions for public companies within Section 831 of the Companies Act. Under these restrictions the amount of reserves available for distribution at 10 July 2018 would be $1,624 million (31 December 2017: $791 million).

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The Company Secretary
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Your Ref
Our Ref AA/07784342/LD
Date 26/02/2020

Dear Sir/Madam

EVRAZ PLC

Thank you for your enclosed document. Unfortunately, we have been unable to accept it for the following reason(s):

A director of the company must sign at the foot of the balance sheet. This must include the printed name of the director who signed the accounts on behalf of the board.

Please amend your document and resubmit it as soon as possible.

Some documents can be filed online, which is faster and more reliable. Our service checks for technical errors, allowing you to correct them before submission, reducing the risk of your documents being rejected. To find out if your company can file documents online, visit our website www.gov.uk/companieshouse, where you can also ask to receive reminder letters electronically.

Yours faithfully

Companies House

Encs.