EVRAZ

EVRAZ HIGHVELD STEEL AND VANADIUM

EVRAZ Highveld Steel and Vanadium Limited
(Incorporated in the Republic of South Africa)
(Registration number 1960/001900/06)
Share code: EHS ISIN: ZAE000146171
("the Company" or "the Group")

GROUP REVIEWED PRELIMINARY RESULTS
for the year ended 31 December 2013

- Net loss R379 million (December YTD 2012: loss R943 million)
- EBITDA profit R22 million (December YTD 2012: loss R697 million)

Chairman and CEO's Review

1. Safety

EVRAZ Highveld Lost Time Injuries (LTI) for Q4 2013 remained at 11 against 11 in Q3 2013. The progressive Lost Time Injury Frequency Rate (LTIFR) increased to 4.79 in Q4 2013 from Q3 at 4.60. The total number of injuries decreased from 49 in Q3 2013 to 42 in Q4 2013.

EVRAZ Highveld annual Lost Time Injuries (LTI) for 2013 was 31 against 16 in 2012. The annual Lost Time Injury Frequency Rate (LTIFR) increased to 3.32 in 2013 from 1.74 in 2012. The total number of injuries increased from 153 in 2012 to 175 in 2013.

2. Key financials

The operating loss for the year was R293 million, compared to a loss of R854 million for 2012, mainly attributed to lower production due to the effect of the 2012 strike. The EBITDA for the year was a profit of R22 million, compared to a R697 million loss for the prior year. Revenue from sale of goods increased to R5 190 million compared to R4 346 million for the previous year.

Labour stability, health of the market and production stability continue to pose a threat to the operations of the Company and the ability to generate profits. The Company continues to utilise credit lines that are committed only to 31 December 2014, but are already fully drawn and may not be sufficient to support the Company if the Company cannot achieve its production and sales and cost targets.

Management has taken significant steps to address the cost structure of the Company and the abovementioned risks.

The financial statements are prepared on the basis of accounting policies applicable to a going concern. The Board believes that the Company is a going concern. However, there are matters that may cast significant doubt about the ability of the Company to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the ordinary course of business.

3. Operations

Steel

Iron output increased by 3% to 638 912 tons for the year compared to the previous year, when output suffered as result of a four week strike. Steel output increased by 12% from 571 787 tons in the 2012 year to 642 405 tons in the 2013 year as a result of increased iron availability and improved stability in the steel plant.

Production of long products decreased by 4% to 196 858 tons during the year compared to 204 701 for the previous year. Production of flat products increased by 26% from 242 836 to 304 827 tons for the year. These changes are mainly as a result of a change in market demand.

Inventories of cast steel ahead of the rolling mills were worked down to less than desired levels during the period June to September 2013 when a five-week shutdown was held on the slab caster and high peak period electricity tariffs impacted on iron production cost. Inventory levels have recovered by the end of Q4 2013.

The project to improve kiln pre-reduction performance was completed on time at the end of Q3 2013 and has improved stable kiln operation resulting in a reduction of electrical energy consumption in the Ironmaking furnaces.

Mining

Production of lump ore increased by 22% from 1 174 022 to 1 430 346 tons for the year when compared to the 2012 year, and fines ore increased by 7% from 607 473 to 651 209 tons for the year. Fines ore pricing improved in 2013 due to higher LMB price of vanadium and weakening of the Rand.

The pit mining trial that commenced in March 2013 has been completed and first commercial pit mining was due to commence within the first half of 2014.

Construction of the houses of the SLP housing programme has commenced in Q3 2013 and 13 houses has been completed in Q4 2013.

Vanadium

A total of 49 299 tons of vanadium slag was produced containing 6 675 tons V for the year, compared to 43 132 tons slag containing 6 205 tons V for 2012.

4. Markets

Global and local markets

Global crude steel production was 1 607 Mt in 2013, which represents an increase of 3.5% compared to 2012. Asia produced 1 080.6 Mt of crude steel during 2013, which is an increase of 6.0% compared to 2012. All other major regions remained at decreased production for Q3 2013 compared to the same period in 2012.

South African crude steel production for the period Q1 to Q3 was 5 015 million tons versus 5 429 million tons produced during the same period in 2012. Consumption information is published by SAISI on an annual basis, thus domestic consumption information is not available.

EVRAZ Highveld sales

Steel sales volumes increased by 7% from 453 836 tons for the 2012 year to 486 706 tons for the 2013 year.

Domestic steel sales increased by 23% from 359 162 to 440 044 tons for the year, while export steel sales volumes decreased to 46 661 tons for the year against 94 674 tons for the previous year.

Ferrovanadium sales for the 2013 period increased by 1% to 4 827 tons V compared to 4 766 tons V for the 2012 year. Nitrovan and Modified Vanadium Oxide sales decreased from 914 tons V to 541 tons V for the 2013 year. Domestic vanadium slag sales were 386 tons V for the year compared to 180 tons V for the 2012 year.

5. Sale of the majority shareholding in the Company

The Company remains under cautionary with the pending sale of the majority shareholding.

In addition to Nemascore Proprietary Limited, EVRAZ plc was also engaging with other potential bidders with a view to disposing of its 85.11% stake in the Company. The Independent Board of the Company has agreed to allow these potential bidders to conduct a due diligence investigation into the affairs of the Company.

EVRAZ plc has also advised the Independent Board of the Company that at this stage the negotiations with potential bidders are incomplete, confidential and non-binding, hence there is no certainty that a transaction will take place.

6. Outlook

The global economy remained weak during Q4 2013 and has not reached the required levels of growth needed to support a strong recovery in steel demand. It is predicted that global steel demand is likely to increase by 3.1% to 1 475 Mt in 2014 following growth of only 2.0% in 2013.

Major emerging economies, particularly India and Brazil, did not perform as predicted, mainly due to key structural issues, which also led to lower global steel demand, with the exception of China. Recent economy expansion in China saw levels of about 7.8% year-on-year from the slowdown of 7.5% in Q2 2013, as key growth drivers lost momentum. Steel demand in China for the remainder of 2013 was expected to grow by only 6%.

Sustainability of high-cost steel producers continues to be challenged by excess global steelmaking capacity, volatility in raw material prices and slow global steel demand.

The sub-Saharan African region remains a key growing market for the steel industry, driven mainly by opportunities from the widely published infrastructure related projects in countries such as Nigeria, Kenya, Tanzania and Zambia, as well as mining related investments in Mozambique. However global producers who target this market aggressively with competitive pricing keep this market under pressure.

GDP was expected to grow by only 2.3% in 2013 and the forecast is for 2% in 2014. The weakening Rand in Q4 2013 has provided some increase in demand for steel from local producers, driven purely by customers diverting procurement from imported goods to local supply. The maintained absence of large infrastructure development and slow pace of project implementation continued to hinder overall recovery in domestic steel demand. The increasing trade deficit mainly caused by weak demand for manufactured goods in Europe, and the declining levels of production and investment in the mining sector remained a challenge to the steel industry.

A volatile labour market remains a major risk to the South African economic stability. The domestic economy remains under pressure of electricity supply concerns and notable energy tariff increases, which adversely affects the competitiveness of the domestic steel industry.

BJT Shongwe
(Chairman)

MD Garcia
(Chief Executive Officer)

11 March 2014

Basis of preparation

The Group's (Group includes all consolidated entities) financial results for the year ended 31 December 2013 set out below have been prepared in accordance with the principal accounting policies of the Group which comply with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act in South Africa and are consistent with those applied in the Group's most recent annual financial statements, except for IAS 19 discussed below, including the Standards and Interpretations as listed below.

These results are presented in terms of International Accounting Standards (IAS) 34 applicable to *Interim Financial Reporting*.

The reviewed financial statements were prepared under the going concern basis.

The Group incurred a net loss for the year ended 31 December 2013 of R379 million, (2012: R943 million).

Labour stability, health of the market and production stability continue to pose a threat to the operations of the Company and the ability to generate profits. The Company continues to utilise credit lines that are committed only to 31 December 2014, but are already fully drawn and may not be sufficient to support the Company if the Company cannot achieve its production, sales and cost targets.

Management has taken significant steps to address the cost structure of the Company and the abovementioned risks.

The financial statements are prepared on the basis of accounting policies applicable to a going concern. The Board believes that the Company is a going concern. However, there are matters that may cast significant doubt about the ability of the Company to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the ordinary course of business.

Significant accounting policies

(i) The Group has adopted the following new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretation Committee (IFRIC) of the IASB, that are relevant to its operations and effective for accounting periods beginning on 1 January 2013. These Standards had no impact on the results or disclosures of the Group.

- IAS 1, Amended – *Presentation of Items of Other Comprehensive Income* (effective from 1 July 2012);
- IAS 27, *Separate Financial Statements* (consequential revision due to the issue of IFRS 10) (effective from 1 January 2013);
- IAS 28, *Investments in Associates and Joint Ventures* (consequential revision due to the issue of IFRS 10 and 11) (effective from 1 January 2013);
- IFRS 7, Amended – *Disclosures: Offsetting Financial Assets and Financial Liabilities* (effective from 1 January 2013);
- IFRS 10, *Consolidated Financial Statements* (effective from 1 January 2013);
- IFRS 11, *Joint Arrangements* (effective from 1 January 2013);
- IFRS 12, *Disclosure of Interest in Other Entities* (effective from 1January 2013);
- IFRS 13, *Fair Value Measurement* (effective from 1 January 2013);
- IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine* (effective from 1 January 2013); and
- Improvements to IFRS - Issued May 2012 (effective from 1 January 2013).

(ii) The Group implemented IAS 19 *Employee Benefits* from 1 January 2013. The Group previously only recognised the net cumulative unrecognised actuarial gains and losses, which exceeded 10% of the greater of the defined benefit obligation and the fair value of the plan assets. As a consequence, the Group's statement of financial position did not reflect a significant part of the unrecognised net actuarial gains and losses. In 2013 the Group changed its accounting policy to recognise actuarial gains and losses in the period in which they occur in total in other comprehensive income. Changes have been applied retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, resulting in the adjustment of prior year financial information.

As a result of the accounting policy change, the following changes were made to the financial statements:

As of 1 January 2012:

Increase in employee benefit liability: R26 million.

Decrease in opening retained earnings: R26 million.

As of 31 December 2012:

Increase in employee benefit liability: R29 million.

Net expense recognised on other comprehensive income: R3 million.

Decrease in retained earnings: R26 million.

For the period ended 31 December 2013:

Net gain recognised on other comprehensive income: R12 million.

No deferred tax impact as the Company is in an assessed loss position and the deferred tax asset has been impaired.

(iii) The following Standards, amendments to the Standards and Interpretations, effective in future accounting periods have not been adopted in these financial statements:

- IAS 32, Amended – *Offsetting Financial Assets and Financial Liabilities* (effective from 1 January 2014);
- IFRS 9, *Financial Instruments – Classification and Measurement* (1 January 2015 effective date has been deferred until the issue date of the completed version of IFRS 9 is known);
- IFRS 9 and IFRS 7, Amended – *Mandatory Effective Date and Transition Disclosures* (IFRS 9 effective date deferred, IFRS 7 depends on when IFRS 9 is adopted);
- IFRS 10, IFRS 12 and IAS 27, Amended – *Investment Entities* (effective from 1 January 2014);
- IFRIC 21, *Levies* (effective from 1 January 2014);
- IAS 36, Amended – *Recoverable Amount Disclosures for Non-financial Assets* (effective from 1 January 2014);
- IAS 39, Amended – *Novation of Derivatives and Continuation of Hedge Accounting* (effective from 1 January 2014); and
- Improvements to IFRS – issued December 2013 (effective from 1 July 2014).

This preliminary report was prepared under supervision of the Chief Financial Officer, Mr Jan Valenta (Chartered Accountant).

These condensed consolidated financial statements for the year ended 31 December 2013 have been reviewed by Ernst & Young Inc., who expressed an unmodified review conclusion. The auditor's report contained the following Emphasis of Matter paragraph:

Emphasis of matter on Going Concern

Without qualifying our opinion, we draw attention to the Going Concern disclosure under the "Basis of Preparation" section of the Group Preliminary Financial Results, which indicates that the Company is utilising committed loan facilities that are payable on 31 December 2014 and is trading in an environment where there are threats to production stability and market demand for the Company's products.

This going concern paragraph also indicates that these conditions, along with other matters, indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

A copy of the auditor's review report is available for inspection at the Company's registered office together with the financial statements identified in the auditor's report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**Reviewed as at 31 Dec 2013 Rm**	Reviewed[#] as at 31 Dec 2012 Rm	Reviewed[#] as at 1 Jan 2012 Rm
ASSETS				
Non-current assets		**1 723**	1 801	1 927
Property, plant and equipment		**1 621**	1 722	1 760
Restricted cash	14	**40**	–	–
Deferred tax asset	5	**62**	79	167
Current assets		**1 865**	1 866	2 531
Inventories		**1 059**	858	831
Trade and other receivables and prepayments	6	**522**	480	516
Income tax receivable		**2**	1	–
Cash and short-term deposits		**282**	527	1 184
TOTAL ASSETS		**3 588**	3 667	4 458
EQUITY AND LIABILITIES				
Total equity		**1 461**	1 709	2 594
Non-current liabilities		**757**	789	650
Interest-bearing loans and borrowings	7	**11**	16	–
Provisions		**746**	773	650
Current liabilities		**1 370**	1 169	1 214
Trade and other payables		**935**	924	1 016
Interest-bearing loans and borrowings	7	**304**	102	–
Income tax payable		**–**	–	45
Provisions		**131**	143	153
TOTAL EQUITY AND LIABILITIES		**3 588**	3 667	4 458

[#] *Restated*

Net cash		**7**	409	1 184
Net asset value – cents per share		**1 474**	1 724	2 616

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	**Unaudited for the three months ended 31 Dec 2013 Rm**	Unaudited for the three months ended 31 Dec 2012 Rm	**Reviewed for the year ended 31 Dec 2013 Rm**	Reviewed[#] for the year ended 31 Dec 2012 Rm
Revenue		**1 112**	1 029	**5 192**	4 354
Sale of goods		**1 112**	1 026	**5 190**	4 346
Cost of sales		**(1 135)**	(1 176)	**(4 990)**	(4 746)
Gross (loss)/profit	8	**(23)**	(150)	**200**	(400)
Other operating income	9	**49**	20	**77**	138
Selling and distribution costs		**(83)**	(30)	**(273)**	(248)
Administrative expenses		**(62)**	(68)	**(242)**	(289)
Other operating expenses	9	**(30)**	(55)	**(55)**	(55)
Operating loss		**(149)**	(283)	**(293)**	(854)
Finance costs		**(14)**	(20)	**(69)**	(52)
Finance income		**–**	3	**2**	8
Loss before tax		**(163)**	(300)	**(360)**	(898)
Income tax credit/(expense)	10	**6**	78	**(19)**	(45)
Loss for the period/year		**(157)**	(222)	**(379)**	(943)

[#] *Restated*

		Cents	Cents	**Cents**	Cents
Loss per share – basic and diluted		**(158.7)**	(224.0)	**(382.2)**	(951.1)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited for the three months ended 31 Dec 2013 Rm	Unaudited for the three months ended 31 Dec 2012 Rm	**Reviewed for the year ended 31 Dec 2013 Rm**	Reviewed# for the year ended 31 Dec 2012 Rm
Loss for the period/year	**(157)**	(222)	**(379)**	(943)
Other comprehensive (loss)/income:				
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	**(1)**	13	**104**	49
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:				
Actuarial gain/(loss) on defined benefit plan, net of tax	**12**	(3)	**12**	(3)
Total comprehensive loss for the period/year	**(146)**	(212)	**(263)**	(897)

#Restated

	Cents	Cents	**Cents**	Cents
Comprehensive loss per share – basic and diluted	**(147.6)**	(214.0)	**(265.3)**	(904.7)

HEADLINE EARNINGS PER SHARE

	Unaudited for the three months ended 31 Dec 2013 Rm	Unaudited for the three months ended 31 Dec 2012 Rm	**Reviewed for the year ended 31 Dec 2013 Rm**	Reviewed# for the year ended 31 Dec 2012 Rm
Reconciliation of headline loss				
Loss for the period/year	**(157)**	(222)	**(379)**	(943)
(Deduct)/add after tax effect of:				
Proceeds on successful litigation against the channel induction furnace supplier	**–**	–	**–**	(79)
Loss/(profit) on disposal and scrapping of property, plant and equipment	**5**	(*)	**5**	(*)
Headline loss	**(152)**	(222)	**(374)**	(1 022)

**Less than R1 million.*
#Restated

	Cents	Cents	**Cents**	Cents
Loss per share – headline and diluted	**(153.0)**	(224.0)	**(377.2)**	(1 030.4)
	Million	Million	**Million**	Million
Number of shares				
Ordinary shares in issue as at reporting date *†	**99.2**	99.2	**99.2**	99.2

**Rounded to nearest hundred thousand.*
†Agree to weighted average and diluted number of ordinary shares.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	**Issued capital and share premium Rm**	**Other reserves Rm**	**Retained earnings Rm**	**Total Rm**
2012					
Balance at 1 January 2012 – Reviewed#		585	203	1 806	2 594
Loss for the period				(94)	(94)
Other comprehensive loss for the quarter			(13)		(13)
Balance at 31 March 2012 – Unaudited		585	190	1 712	2 487
Loss for the period				(282)	(282)
Other comprehensive income for the quarter			11		11
Share-based payment reserve			8		8
Balance at 30 June 2012 – Unaudited		585	209	1 430	2 224
Loss for the period				(345)	(345)
Other comprehensive income for the quarter			13		13
Share-based payment reserve			2		2
Balance at 30 September 2012 – Unaudited		585	224	1 085	1 894
Loss for the period				(222)	(222)
Other comprehensive income for the quarter			38		38
Actuarial loss on defined benefit plan				(3)	(3)
Share-based payment reserve			2		2
Balance at 31 December 2012 – Reviewed#		585	264	860	1 709
2013					
Balance at 1 January 2013 – Reviewed#		585	264	860	1 709
Profit for the period				30	30
Other comprehensive income for the quarter			47		47
Share-based payment reserve	11		3		3
Balance at 31 March 2013 – Unaudited		585	314	890	1 789
Loss for the period				(40)	(40)
Other comprehensive income for the quarter			41		41
Share-based payment reserve	11		3		3
Balance at 30 June 2013 – Unaudited		585	358	850	1 793
Loss for the period				(212)	(212)
Other comprehensive income for the quarter			17		17
Share-based payment reserve	11		3		3
Balance at 30 September 2013 – Unaudited		585	378	638	1 601
Loss for the period				(157)	(157)
Other comprehensive loss for the quarter			(1)		(1)
Actuarial gain on defined benefit plan				12	12
Share-based payment reserve	11		6		6
Balance at 31 December 2013 – Reviewed		**585**	**383**	**493**	**1 461**

	Unaudited for the three months ended 31 Dec 2013 Cents	Unaudited for the three months ended 31 Dec 2012 Cents	**Reviewed for the year ended 31 Dec 2013 Cents**	Reviewed# for the year ended 31 Dec 2012 Cents
Dividends per share				
Dividends declared and paid	**–**	–	**–**	–

#Restated

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited for the three months ended 31 Dec 2013 Rm	Unaudited for the three months ended 31 Dec 2012 Rm	**Reviewed for the year ended 31 Dec 2013 Rm**	Reviewed# for the year ended 31 Dec 2012 Rm
Cash flows from operating activities				
Loss before tax	**(163)**	(301)	**(360)**	(899)
Non-cash items	**192**	120	**419**	342
Net movement in working capital	**(75)**	154	(385)	(47)
Net interest paid	**(6)**	(2)	(28)	(4)
Income tax paid	**(1)**	(2)	(4)	(2)
Net cash used in operating activities	**(53)**	(31)	**(358)**	(610)
Cash flows from investing activities				
Proceeds from sale and scrapping of property, plant and equipment	**2**	3	**3**	4
Additions to property, plant and equipment	**(35)**	(61)	**(140)**	(203)
Net cash used in investing operating activities	**(33)**	(58)	**(137)**	(199)
Cash flows from financing activities				
(Decrease)/increase in long-term interest-bearing loans and borrowings	**(6)**	–	(6)	15
Increase/(decrease) in short-term interest-bearing loans and borrowings	**18**	(107)	204	102
Net cash generated by/(used in) financing activities	**12**	(107)	198	117
Net decrease in cash and cash equivalents	**(74)**	(196)	(297)	(692)
Cash and cash equivalents at the beginning of the period/year	**379**	694	527	1 184
Cash transferred to restricted cash	**(9)**	–	(40)	–
Effects of exchange rate changes on cash held in foreign currencies	**(14)**	29	92	35
Cash and cash equivalents at the end of the period/year	**282**	527	282	527

#Restated

Directors: BJT Shongwe *(Chairman)*, MD Garcia *(Chief Executive Officer) (American)*, GC Baizini *(Italian)*, M Bhabha, Mrs B Ngonyama, T Mosololi, VM Nkosi, D Ščuka *(Czech)*, PS Tatyanin *(Russian)*, J Valenta *(Czech)* and TI Yanbukhtin *(Russian)*

Company Secretary: Ms A Weststrate

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. **Companies Act and JSE Limited Listings Requirements**
Compliance with the Companies Act, No 71 of 2008, as well as the Listings Requirements of the JSE Limited has been maintained throughout the reporting periods.

2. **Related party transactions**
Sales to East Metals A.G. (a fellow subsidiary) amounted to R256 million (December 2012 YTD: R454 million) for the 12 months ended 31 December 2013. This constitutes 5% of total revenue for the period, compared to 10% for the period ended 31 December 2012. During 2013 a loan was received from East Metals A.G., a related party, amounting to R304 million which is repayable by 31 December 2014 and interest is charged at market rate. Technical services (slag tolling agreement) and other services with EVRAZ Vametco Alloys Proprietary Limited (a fellow subsidiary) amounted to R51 million for the 12 months ended December 2013 (December 2012 YTD: R71 million).

3. **Segment information**
The Group is organised into business units based on their products and has two reportable segments as follows:
Steelworks
The major products of the steel segment are magnetite iron ore, structural steel, plate and coil.
Vanadium
The major products of the vanadium segment are vanadium slag and ferrovanadium. Vanadium slag is a by-product from the steelmaking process, and this slag is transferred from the steelworks to the vanadium plant, which then forms the input into the business of the vanadium business.
No operating segments have been aggregated to form the above reportable operating segments. Management monitors the operating results of its business units separately for the purposes of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit.
The following tables present the revenue, operating profit and total assets information regarding the Group's operating segments:

	Unaudited for the three months ended 31 Dec 2013 Rm	Unaudited for the three months ended 31 Dec 2012 Rm	**Reviewed for the year ended 31 Dec 2013 Rm**	Reviewed# for the year ended 31 Dec 2012 Rm
Revenue from customers				
Steelworks	**861**	822	**4 022**	3 173
Vanadium	**336**	210	**1 487**	1 199
Elimination in intersegmental revenue	**(85)**	(6)	**(319)**	(26)
Total	**1 112**	1 026	**5 190**	4 346

#Restated

	Unaudited for the three months ended 31 Dec 2013 Rm	Unaudited for the three months ended 31 Dec 2012 Rm	**Reviewed for the year ended 31 Dec 2013 Rm**	Reviewed# for the year ended 31 Dec 2012 Rm
Operating loss				
Steelworks	**(217)**	(320)	**(545)**	(1 153)
Vanadium	**68**	37	**252**	299
Total	**(148)**	(283)	**293**	(854)

#Restated

	Reviewed as at 31 Dec 2013 Rm	Reviewed as at 31 Dec 2012 Rm
Total assets		
Steelworks	**3 143**	2 935
Vanadium	**445**	732
Total	**3 588**	3 667

4. **Supplementary revenue information – Unaudited**

		For the three months ended 31 Dec 2013	For the three months ended 31 Dec 2012	**For the year ended 31 Dec 2013**	For the year ended 31 Dec 2012
Sales volumes of major products					
Total steel	Tons	**105 834**	111 587	**486 706**	453 836
Ferrovanadium	Tons V	**1 224**	869	**4 827**	4 766
Modified vanadium oxide	Tons V	**10**	0	**143**	244
Nitrovan	Tons V	**27**	192	**398**	669
Vanadium slag	Tons V	**100**	101	**386**	181
Ore fines	Tons	**148 115**	136 981	**650 418**	687 380
Weighted average selling prices achieved for major products					
Total steel	US$/t	**660**	727	**718**	764
Ferrovanadium	US$/kg V	**25**	23	**27**	23
Modified vanadium oxide	US$/kg V	**17**	–	**19**	18
Nitrovan	US$/kg V	**24**	24	**28**	23
Vanadium slag	US$/kg V	**8**	8	**9**	7
Ore fines	US$/t	**20**	22	**30**	20
Average R/$ exchange rate		**10.16**	8.69	**9.65**	8.21

5. **Deferred tax asset**
In light of the Company's own financial performance and the uncertainty of future taxable profits to account against its deferred tax asset, management concluded, following due assessment, that it was prudent to impair its deferred tax asset as at 31 December 2013 (R195 million) to the extent that it exceeded the deferred taxation liability. Whilst the taxable income forecast for the Company is based on its most favourable outlook scenario, the current assessed tax loss implies that it will take many years before the Company is in a position to utilise the tax assets as at 31 December 2013. Following the impairment, a zero balance for deferred taxation is disclosed for the Company. No reversal of the 2012 impairment was considered necessary as at 31 December 2013. The deferred taxation asset of the Group comprises the deferred taxation asset attributable to Mapochs Mine Proprietary Limited. A management assessment concluded that no impairment is necessary at Group level.

6. **Trade and other receivables and prepayments**
The increase in comparison to 31 December 2012 can mainly be attributed to increased sales volumes and prices in 2013.

7. **Interest-bearing loans and borrowings**
The long-term borrowings of R11 million (2012: R16 million) consist of the loan due by Umnotho Iron and Vanadium Proprietary Limited payable to Umnotho weSizwe Group Proprietary Limited. This loan has no fixed repayment terms and interest is charged at prime rate. The short-term borrowings consists of a Dollar-denominated loan from East Metals A.G. (a related party) which is payable by 31 December 2014, and carries interest at market rate.

8. **Gross (loss)/profit**
The improvement in gross profit is as a result of improved steel selling prices, increased vanadium- and ore fines selling prices and reduction in costs.

9. **Other operating income and expenses**
The 2012 amount consist mainly of the R109 million received relating to the claim against the channel induction furnace supplier. The R77 million other operating income for the year ended 31 December 2013 includes inventory stock count adjustments of R35 million, adjustments to the environmental provisions of R25 million and utilities recoveries (sundry income) of R6 million. The R55 million other operating expense for the year includes insurance of R20 million, loss on sale/scrapping of fixed assets R7 million and bad debts provided for of R6 million.

10. **Income tax**

	Unaudited for the three months ended 31 Dec 2013 Rm	Unaudited for the three months ended 31 Dec 2012 Rm	**Reviewed for the year ended 31 Dec 2013 Rm**	Reviewed# for the year ended 31 Dec 2012 Rm
South African				
Normal				
Prior year	**–**	–	**–**	(44)
Deferred				
Current	**4**	(81)	**18**	86
Non-South African				
Normal				
Current	**(10)**	3	**1**	3
Income tax expense	**(6)**	(78)	**19**	45

#Restated

The period income tax expense is accrued using the estimated average annual effective income tax rate applied to the pre-tax income of the interim report.

11. **Share-based payment reserve**
Certain key management personnel participate in a Long-Term Incentive Plan (LTIP) over shares in EVRAZ plc. The shares are traded on the London Stock Exchange. The vesting of the shares occur on the 90th day following the announcement of EVRAZ plc financial results. The cost of the LTIP award will be settled in equity by EVRAZ plc. The amount recognised according to IFRS 2 in 2013 is R15 million (2012 year: R12 million).

12. **Guarantees**
As required by the Mineral and Petroleum Resources Development Act, a guarantee amounting to R370 million (2012: R264 million) was issued on 1 September 2013 in favour of the Department of Mineral Resources for the unscheduled closure of Mapochs Mine.
As required by certain suppliers of the Group, guarantees were issued in favour of these suppliers to the value of R8 million (2012: R9 million) in the event the Group will not be able to meet its obligations to the supplier.

13. **Contingent liabilities**
In terms of the Group's employment policies, certain employees could become eligible for post-retirement medical aid benefits at any time in the future prior to their retirement subject to certain conditions. The potential liability for the Group should they become medical scheme members in the future is R14 million before tax and R10 million after tax (2012: R32 million before tax and R23 million after tax).
On 5 June 2008, the Commission initiated a complaint against the Company for an alleged contravention of section 4(1 (b (i) of the Competition Act, No. 89 of 1998 (the Competition Act). The allegations against the Company are that it fixed prices and trading conditions for flat and long steel products. In a letter from the Commission dated 18 September 2009, the Commission confirmed that it would not be pursuing a case of collusion in the long steel market against the Company. On 30 March 2012 the Commission referred the complaints relating to the flat steel market to the Competition Tribunal for prosecution. The allegations against the Company contained in the Commission's complaint referral are that the Company fixed prices and trading conditions for flat steel products, and divided markets in respect of flat steel products, which are contraventions of sections 4(1)(b)(i) and 4(1)(b)(ii) of the Competition Act respectively. It is further alleged in the Commission's complaint referral that the Company has contravened sections 4(1)(b)(i) and 4(1)(b)(ii), alternatively section 4(1)(a), of the Competition Act by engaging in the exchange of information with a competitor through information exchanges and meetings of the SAISI or its committees. Should the Competition Commission be successful, it could impose a maximum penalty of R554 million against the Company.

14. **Restricted cash**
The restricted cash disclosed as a non-current asset consist of R32 million paid to an insurance company as guarantee to the Department of Mineral Resources (DMR) for the Mapochs environmental rehabilitation obligation. An amount of R8 million is deposited with a commercial bank as security for guarantees issued to two supplier companies. Interest on both amounts are earned at money market rates.

15. **Subsequent events**
There are no events to be reported on since 31 December 2013.

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