

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

GROUP UNAUDITED FINANCIAL RESULTS

Basis of preparation

The Group's condensed consolidated financial statements for the nine months ended 30 September 2011 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, 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.

Significant accounting policies

The accounting policies adopted and methods of computation are consistent with those of the previous financial year ended 31 December 2010, except for the adoption of the following new and amended IFRS standards and IFRIC interpretations during the current period as of 1 January 2011:

- i) IAS 32, Classification of rights issues (Amended)
- ii) IAS 24, Related party disclosures (Amended)
- iii) IFRIC 14, Pre-payments of a minimum funding requirement (Amended)
- iv) IFRIC 19, Extinguishing financial liabilities with equity instruments
- v) May 2010 Improvements to IFRS (improvements effective for the current financial year).

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Where necessary, disclosures have been updated in accordance with these standards, amendments or interpretations. The adoption thereof did not have an impact on the results, cash flows or financial position of the group in the current period.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Unaudited as at 30 Sep 2011	Unaudited as at 30 Sep 2010	Audited as at 31 Dec 2010
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	Rm	Rm	Rm
ASSETS			
Non-current assets	1 853	1 825	1 661
Property, plant and equipment	1 693	1 825	1 607
Deferred tax asset	160	-	54
Current assets	2 297	2 732	2 402
Inventories	713	1 181	1 084
Trade and other receivables and pre-payments	832	976	826
Cash and short-term deposits	752	575	492
TOTAL ASSETS	4 150	4 557	4 063
EQUITY AND LIABILITIES			
Total equity	2 556	2 904	2 510
Non-current liabilities	583	603	536
Provisions	583	519	536
Deferred tax liability	-	84	-
Current liabilities	1 011	1 050	1 017
Trade and other payables	749	773	745
Income tax payable	40	79	54
Provisions	222	198	218
TOTAL EQUITY AND LIABILITIES	4 150	4 557	4 063
Net asset value - cents per share	2 578	2 928	2 532

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Unaudited for the three months ended 30 Sep 2011 Rm	Unaudited for the three months ended 30 Sep 2010 Rm	Unaudited for the nine months ended 30 Sep 2011 Rm	Unaudited for the nine months ended 30 Sep 2010 Rm	Audited for the year ended 31 Dec 2010 Rm
Sale of goods		1 249	1 372	4 234	3 911	5 125
Revenue		1 249	1 372	4 234	3 911	5 125
Cost of sales		(1 099)	(1 256)	(3 783)	(3 697)	(5 031)
Gross profit		150	116	451	214	94
Selling and distribution costs		(64)	(85)	(237)	(217)	(301)
Administrative expenses		(76)	(73)	(231)	(268)	(353)
Other operating expenses	5	(203)	(16)	(123)	(42)	(263)

Operating loss		(193)	(58)	(140)	(313)	(823)
Finance costs		(8)	(12)	(28)	(37)	(49)
Finance income		6	10	20	29	36
Loss before tax		(195)	(60)	(148)	(321)	(836)
Income tax credit	6	78	32	117	149	287
Loss for the period/year		(117)	(28)	(31)	(172)	(549)

	Note	Reviewed for the six months ended 30 Jun 2011 Rm	Reviewed for the six months ended 30 Jun 2010 Rm
Sale of goods		2 985	2 539
Revenue		2 985	2 539
Cost of sales		(2 684)	(2 441)
Gross profit		301	98
Selling and distribution costs		(173)	(132)
Administrative expenses		(155)	(195)
Other operating expenses	5	80	(26)
Operating loss		53	(255)
Finance costs		(20)	(25)
Finance income		14	19
Loss before tax		47	(261)
Income tax credit	6	39	117
Loss for the period/year		86	(144)

	Cents	Cents	Cents	Cents	Cents
Loss per share - basic and diluted	(118.0)	(28.2)	(31.3)	(173.5)	(553.7)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited for the three months ended 30 Sep 2011 Rm	Unaudited for the three months ended 30 Sep 2010 Rm	Unaudited for the nine months ended 30 Sep 2011 Rm	Unaudited for the nine months ended 30 Sep 2010 Rm	Audited for the year ended 31 Dec 2010 Rm
Loss for the period/year	(117)	(28)	(31)	(172)	(549)
Other comprehensive					

income/(loss):					
Exchange differences on translation of foreign operations	50	2	77	2	(15)
Total comprehensive (loss)/income for the period/year	(67)	(26)	46	(170)	(564)

HEADLINE EARNINGS PER SHARE

	Unaudited for the three months ended 30 Sep 2011 Rm	Unaudited for the three months ended 30 Sep 2010 Rm	Unaudited for the nine months ended 30 Sep 2011 Rm	Unaudited for the nine months ended 30 Sep 2010 Rm	Audited for the year ended 31 Dec 2010 Rm
Reconciliation of headline earnings/(loss)					
Loss for the period/year	(117)	(28)	(31)	(172)	(549)
Add after tax effect of:					
Net (profit)/loss on disposal and scrapping of property, plant and equipment	(1)	(2)	3	4	166
Headline loss	(118)	(30)	(28)	(168)	(383)
	Cents	Cents	Cents	Cents	Cents
Loss per share - headline and diluted	(119.0)	(30.3)	(28.2)	(169.4)	(386.3)
	Million	Million	Million	Million	Million
Number of shares Ordinary shares in issue as at end date *+	99.2	99.2	99.2	99.2	99.2
* Rounded to nearest hundred thousand.					
+ Agree to weighted average and diluted number					

of ordinary
shares.

	Unaudited for the six months ended 30 Jun 2011 Rm	Reviewed for the six months ended 30 Jun 2010 Rm
Reconciliation of headline earnings/(loss)		
Loss for the period/year	86	(144)
Add after tax effect of:		
Net (profit)/loss on disposal and scrapping of property, plant and equipment	4	6
Headline loss	(215) 90	(138)
	Cents	Cents
Loss per share - headline and diluted	90.8	(139.2)
	Million	Million
Number of shares Ordinary shares in issue as at end date *†	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
FOR THE PERIOD/YEAR ENDED

Issued capital and share premium Rm	Other capital reserves Rm	Retained earnings Rm	Total Rm
<hr/>			

2010				
Balance at 1				
January 2010	585	153	2 336	3 074
Loss for the				
period			(17)	(17)
Other				
comprehensive				
income for the				
quarter		2		2
<hr/>				
Balance at 31				
March 2010 -				
Reviewed	585	155	2 319	3 059
Loss for the				
period			(127)	(127)
Other				
comprehensive loss				
for the quarter		(2)		(2)
<hr/>				
Balance at 30 June				
2010 - Reviewed	585	153	2 192	2 930
Loss for the				
period			(28)	(28)
Other				
comprehensive				
income for the				
quarter		2		2
<hr/>				
Balance at 30				
September 2010 -				
Unaudited	585	155	2 164	2 904
Loss for the				
period			(377)	(377)
Other				
comprehensive loss				
for the quarter		(17)		(17)
<hr/>				
Balance at 31				
December 2010 -				
Audited	585	138	1 787	2 510
<hr/>				
2011				
Profit for the				
period			21	21
Other				
comprehensive				
income for the				
quarter		20		20
<hr/>				
Balance at 31				
March 2011 -				
Unaudited	585	158	1 808	2 551
Profit for the				
period			65	65
Other				
comprehensive				
income for the				
quarter		7		7
<hr/>				
Balance at 30 June				
2011 - Reviewed	585	165	1 873	2 623

Loss for the period		(117)	(117)
Other comprehensive income for the quarter	50		50
Balance at 30 September 2011 - Unaudited	585	215	1 756
			2 556

	Unaudited for the three months ended 30 Sep 2011 Cents	Unaudited for the three months ended 30 Sep 2010 Cents	Unaudited for the nine months ended 30 Sep 2011 Cents	Unaudited for the nine months ended 30 Sep 2010 Cents	Audited for the year ended 31 Dec 2010 Cents
Dividends per share					
Dividends declared and paid	-	-	-	-	-

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited for the nine months ended 30 Sep 2011 Rm	Unaudited for the nine months ended 30 Sep 2010 Rm	Audited for the year ended 31 Dec 2010 Rm
Cash flows from operating activities			
Cash generated by/(used in) operations before tax paid	568	(215)	(179)
Income tax paid	(5)	(83)	(109)
Net cash generated by/(used in) operating activities	563	(298)	(288)
Cash flows from investing activities			
Net additions to property, plant and equipment	(331)	(172)	(250)
Net cash used in investing activities	(331)	(172)	(250)

Net increase/(decrease) in cash and cash equivalents	232	(470)	(538)
Cash and cash equivalents at the beginning of the period/year	492	1 072	1 072
Effects of exchange rate changes on cash held in foreign currencies	28	(27)	(42)
Cash and cash equivalents at the end of the period/year	752	575	492

(0)

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 R564 million (September 2010 YTD: R331 million) for the nine months ended 30 September 2011. This constitutes 13% of total revenue for the period, compared to 14% for the nine months ended 30 September 2010.

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 waste 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 30 Sep 2011 Rm	Unaudited for the three months ended 30 Sep 2010 Rm	Unaudited for the nine months ended 30 Sep 2011 Rm	Unaudited for the nine months ended 30 Sep 2010 Rm	Audited for the year ended 31 Dec 2010 Rm
Revenue from the sale of goods					
Steelworks	874	1 014	3 005	2 813	3 612
Vanadium	375	358	1 229	1 098	1 513
Total	1 249	1 372	4 234	3 911	5 125

Intersegment revenue is eliminated on consolidation.

	Unaudited for the three months ended 30 Sep 2011 Rm	Unaudited for the three months ended 30 Sep 2010 Rm	Unaudited for the nine months ended 30 Sep 2011 Rm	Unaudited for the nine months ended 30 Sep 2010 Rm	Audited for the year ended 31 Dec 2010 Rm
Operating profit/(loss)					
Steelworks	(307)	(150)	(500)	(661)	(1 220)
Vanadium	114	92	360	348	397
Total	(193)	(58)	(140)	(313)	(823)

	Unaudited as at 30 Sep 2011 Rm	Unaudited as at 30 Sep 2010 Rm	Audited as at 31 Dec 2010 Rm
Total assets			
Steelworks	3 374	4 280	3 340
Vanadium	776	277	723
Total	4 150	4 557	4 063

	Reviewed for the six months ended 30 Jun 2011 Rm	Reviewed for the six months ended 30 Jun 2010 Rm
Revenue from the sale of goods		
Steelworks	2 131	1 799

Vanadium	854	740
Total	2 985	2 539

Intersegment revenue is eliminated on consolidation.

	Reviewed for the six months ended 30 Jun 2011	Reviewed for the six months ended 30 Jun 2010
	Rm	Rm
Operating profit/(loss)	(193)	(511)
Steelworks	246	256
Vanadium	53	(255)
Total		

4 Supplementary revenue information - Unaudited

		For the three months ended 30 Sep 2011	For the three months ended 30 Sep 2010	For the nine months ended 30 Sep 2011	For the nine months ended 30 Sep 2010	For the year ended 31 Dec 2010
Sales volumes of major products						
Total steel	Tons	127 121	148 790	470 614	452 288	610 602
Ferrovandium	Tons V	1 601	1 219	4 541	4 336	5 488
Modified Vanadium Oxide	Tons V	-	-	304	-	468
Nitrovan	Tons V	225	-	795	-	-
Vanadium slag	Tons V(2)O(5)	182	226	537	2 102	2 102
Fines ore	Tons	152 363	170 353	494 794	456 318	623 928

		For the six months ended 30 Jun 2011	For the six months ended 30 Jun 2010
Sales volumes of major products			
Total steel	Tons	343 493	303 498

		2 940	3 116
Ferrovanadium	Tons V		
Modified Vanadium Oxide	Tons V	304	0
		570	0
Nitrovan	Tons V		
	Tons	355	1,875.15
Vanadium slag	V(2)O(5)		
		342 431	285 965
Fines ore	Tons		

Vanadium slag sales reduced from 2 102 tons V2O5 for the nine months ended 30 September 2010 to 537 tons V2O5 for the nine months ended 30 September 2011. No sales occurred in 2011 to a fellow subsidiary due to a slag tolling agreement with this company.

Weighted average selling prices achieved for major products

Total steel	US\$/t	880	786	834	726	715
Ferrovanadium	US\$/kg V	27	27	28	27	27
Modified Vanadium Oxide	US\$/kg V	-	-	22	-	20
Nitrovan	US\$/kg V	28	-	28	-	-
Vanadium slag	US\$/kg V(2)O(5)	5	6	6	6	6
Fines ore	US\$/t	32	34	37	38	38
Average R/\$ exchange rate		7.13	7.33	6.98	7.53	7.32

		819	706
Total steel	US\$/t		
		29	27
Ferrovanadium	US\$/kg V		
		22	0
Modified Vanadium Oxide	US\$/kg V		
		28	0
Nitrovan	US\$/kg V		
		6	6
Vanadium slag	US\$/kg V ₂ O ₅		
		39	41
Fines ore	US\$/t		
		6.90	7.53
Average R/\$ exchange rate			

5 Other operating expenses

The R123 million other operating expenses for the nine months ended 30 September 2011 relates mainly to the adjustment of the Net Realisable Value provision of R147 million (income), net stock write down of R22 million (expense), profit related bonus adjustment of R33 million (income) and idle plant costs of R277 million (expense). For the same period 2010, the expense of R42 million consisted mainly of net stock write up, idle plant costs and foreign exchange loss.

6 Income tax

	Unaudited for the three months ended 30 Sep 2011 Rm	Unaudited for the three months ended 30 Sep 2010 Rm	Unaudited for the nine months ended 30 Sep 2011 Rm	Unaudited for the nine months ended 30 Sep 2010 Rm	Audited for the year ended 31 Dec 2010 Rm
South African					
Normal					
Current	-	-	-	-	-
Prior year under provision	-	-	-	-	1
Deferred					
Current	(75)	(35)	(105)	(159)	(318)
Prior year under provision	-	-	-	-	21
Non-South African					
Normal					
Current	-	3	-	14	13
Prior year over provision	(3)	-	(12)	(4)	(4)
Income tax credit	(78)	(32)	(117)	(149)	(287)

Unaudited for the three months ended Reviewed for the three months ended

31 Mar 2011

31 Mar 2010

Rm

Rm

South African

Normal

 Current

-

-

 Prior year under
provision

-

-

Deferred

 Current

(30)

(124)

 Prior year under
provision

-

-

Non-South African

Normal

Current	-	11
Prior year over provision	(9)	(4)
Income tax credit	(39)	(117)

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.

7 Financial ratios - Unaudited

Current ratio	2.27	2.60	2.27	2.60	2.36
Market capitalisation - Rm	3 956	8 428	3 956	8 428	8 279

8 Steel margins

Total steel margins improved from negative 10% for the nine months ended 30 September 2010, to negative 4% for the nine months ended 30 September 2011. The total steel margins decreased from positive 5% in Quarter 2, 2011 to negative 0.1% in Quarter 3, 2011.

9 Contingent liabilities and guarantees

As required by the Mineral and Petroleum Resources Development Act No.28 of 2002, a guarantee amounting to R264 million before tax and R190 million after tax (2010: R264 million before tax and R190 million after tax) was issued in favour of the DMR for the unscheduled closure of Mapochs Mine.

In terms of the Company'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, should they become medical scheme members in the future, is R32 million before tax and R23 million after tax (2010: R32 million before tax and R23 million after tax).

As required by certain suppliers to the Company, guarantees were issued in favour of these suppliers to the value of R9 million (2010: R9 million) in the event that the Company will not be able to meet its obligations to the suppliers.

10 Status of previously reported possible litigation

A summons was received on 13 May 2010 from the Competition Commission relating to a complaint referring to price fixing allegations of flat products. A comprehensive response with requested documentation was compiled and submitted to the Commission on 5 July 2010. No further response has been received from the Commission.

A summons was received on 3 March 2010 from Xai-Xai Slag Distributors Proprietary Limited and Rothinvest 30 Proprietary Limited t/a Xai-Xai Slag Management (in liquidation) ("Xai-Xai"). The Company brought an application for exception, which was heard on 14 February 2011. An adverse judgement in the exception hearing was received and the Company's plea was filed and served. Further action is awaited from Xai-Xai. Trial preparation has commenced. From the consultations held and the possible evidence available to the Company, it is clear that Xai-Xai's reasonable chances of success are slim.

11 Subsequent events

There are no events to be reported on since 30 September 2011.

15 November 2011

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