

Raspadskaya reports interim results for the six months ended June 30, 2007

Moscow, 25 September 2007 – OAO Raspadskaya, one of Russia's leading coking coal producers, has announced today its interim financial results for the six months ended 30 June 2007 demonstrating record profitability and production growth:

Consolidated Summary Results <i>(US\$ in thousand except percentages)</i>	Six-month period ended 30 June	
	2007	2006
Revenue	338,834	218,317
<i>Growth, %</i>	<i>55%</i>	<i>n/a</i>
EBITDA	198,844	119,802
<i>Margin, %</i>	<i>59%</i>	<i>55%</i>
EBIT	136,127	75,823
<i>Margin, %</i>	<i>40%</i>	<i>35%</i>
Profit before income taxes	122,540	71,076
<i>Margin, %</i>	<i>36%</i>	<i>33%</i>
Profit for the period	90,419	50,945
<i>Margin, %</i>	<i>27%</i>	<i>23%</i>
Basic and diluted EPS, US dollars	0.11	0.08

Company's highlights for 1H 2007 are as follows:

- Record 6.6 million tonnes of raw coal produced represent a 29% increase h-o-h with Raspadskaya's share growing by further 3% to 18% of Russian coking coal market;
- Total sales of coal concentrate increased by 35% while total sales of raw coal increased by 25% in line with Company's focus on value-added concentrate;
- Total cash cost of raw coal production are up by only 12% in US dollar terms demonstrating tight cost controls while at the same time total cash cost per tonne of raw coal produced are down by 12% to \$10.7 per tonne of raw coal;
- Total cash cost per tonne of coal concentrate produced are down by 12% to \$17.2 per tonne from \$19.5 per tonne as result of volume growth;
- Strong EBITDA of \$198.8 million and the corresponding EBITDA margin of 59% up from 55% in 1H2006;
- EBITDA risen by 66% against the backdrop of revenues increasing by 55%;
- Net cash from operating activities increased by 23% up to \$117.3 million;
- Capital expenditures amounted to \$63.9 million, or 43% of the total 2007 budget;
- Net debt¹ amounted to \$287.2 million while cash reserves² increased by 36% and amounted to \$68.6 million as of 30 June 2007;
- Eurobond issue in May 2007 allowed the Company to improve its liquidity position with current assets exceeding current liabilities by 87% as of 30 June 2007.

¹ Please refer to Appendix for calculation of Net debt.

² Defined as Cash and cash equivalents plus Short-term bank deposits

The table below sets forth our consolidated income statement for the six months ended 30 June 2007 and pro forma consolidated income statements for the six months ended 30 June 2006:

Consolidated Income Statement <i>(US\$ in thousand except percentages)</i>	Six-month period ended 30 June		% change
	2007	2006	
Sale of goods	335,761	216,394	55%
Rendering of services	3,073	1,923	60%
Revenue	338,834	218,317	55%
Cost of sales	(143,129)	(114,291)	25%
Gross profit	195,705	104,026	88%
<i>Gross profit margin</i>	58%	48%	
Selling and distribution costs	(32,554)	(5,915)	450%
General and administrative expenses	(25,619)	(18,779)	36%
Social and social infrastructure maintenance	(3,215)	(2,853)	13%
Loss on disposal of property, plant and equipment	(1,114)	(471)	137%
Foreign exchange gains/(losses), net	5,505	694	693%
Other operating income	446	1,159	(62)%
Other operating expenses	(3,027)	(2,038)	49%
EBIT	136,127	75,823	80%
<i>EBIT margin</i>	40%	35%	
Dividend income	4	-	n/a
Interest income	2,068	544	280%
Interest expense	(15,659)	(5,291)	196%
Profit before income taxes	122,540	71,076	72%
<i>Profit before income taxes margin</i>	36%	33%	
Income tax expense	(32,121)	(20,131)	60%
Profit for the period	90,419	50,945	77%
<i>Profit for the period margin</i>	27%	23%	
Minority interest	(685)	(123)	457%
Profit for the period attributable to equity holders of the parent entity	89,734	50,822	77%

Further details and disclosures are available in the Unaudited Interim Condensed Consolidated Financial Statements of OAO Rospadskaya for the six ended 30 June 2007 as well as Management Discussion and Analysis which are released today.

Gennady Kozovoy, Rospadskaya's CEO, commented on 1H2007 results and 2008 outlook:

“Our strong results in the first half 2007 are a good guide for our performance for the entire 2007. We intend to produce over 13 million tonnes of raw coal to fully exploit exceptionally strong market environment this year. Second half of the year will also set the scene for 2008 which so far promises to become another excellent year of our business.”

APPENDIX

EBIT and EBITDA

EBIT represents earnings before interest and tax. EBITDA represents earnings before interest and tax and depreciation, amortisation and depletion. EBIT and EBITDA are not measures of financial performance under IFRS, and it should not be considered as an alternative to net profit as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Raspadskaya's calculation of EBIT and EBITDA may differ from the calculation used by other companies and therefore comparability may be limited. We present consolidated EBIT and EBITDA for 1H 2007 and pro forma EBIT and EBITDA for 1H 2006 because we consider it an important supplemental measure of our operating performance and believe it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. EBIT and EBITDA have limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our operating results as reported under unaudited consolidated IFRS financial statements and pro forma financial statements.

Reconciliation of EBIT and EBITDA to Profit for the year is as follows:

EBIT and EBITDA <i>(US\$ in thousand except percentages)</i>	Six-month period ended 30 June	
	2007	2006
Profit for the year	90,419	50,945
Adjusted for:		
Dividend income	(4)	-
Interest income	(2,068)	(544)
Interest expense	15,659	5,291
Income tax expense	32,121	20,131
EBIT	136,127	75,823
<i>EBIT, % of revenue</i>	<i>40%</i>	<i>35%</i>
Adjusted for:		
Depreciation, depletion and amortisation	62,717	43,979
EBITDA	198,844	119,802
<i>EBITDA, % of revenue</i>	<i>59%</i>	<i>55%</i>

Cash cost of production

Cash cost of production represents Cost of production less depreciation, depletion and amortisation. We present cash cost of production and other measures calculated using cash cost of production because we consider them important supplemental measures of our operating performance and believe they are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. Cash cost of production and other measures calculated using cash cost of production are measures of our operating performance that is not required by, or presented in accordance with, IFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with IFRS. Cash cost of production and other measures calculated using cash cost of production have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for analysis of our operating results as reported under IFRS. We compensate for these limitations by relying primarily on our IFRS operating results and using cash cost measures only as a supplement.

Reconciliation of Total cash cost of production to Cost of revenues is as follows:

Cash cost of production <i>(US\$ in thousand)</i>	Six-month period ended 30 June	
	2007	2006
Cost of revenues	143,129	114,291
Less:		
Cost of other resold goods	(742)	(99)
Change in finished goods	2,478	2,533
Depreciation, depletion and amortization	(61,959)	(43,679)
Total cash cost of production	82,906	73,046

Net Debt

Net Debt represents long-term loans, net of current portion, long-term loans to related parties, plus short-term loans and current portion of long term loans less cash and cash equivalents and short-term bank deposits. Net Debt is not a balance sheet measure under IFRS, and it should not be considered as an alternative to other measures of financial position. Raspadskaya's calculation of Net Debt may differ from the calculation used by other companies and therefore comparability may be limited.

Net Debt has been calculated as follows:

Net Debt	As of 30 June	As of 31 Dec
<i>(US\$ in thousand except percentages)</i>	2007	2006
Add:		
Long-term loans	318,258	28,934
Long-term loans to related parties	6,933	6,769
S-T loans and current portion of L-T loans	30,119	323,351
Finance lease	443	880
Less:		
Cash and cash equivalent	(66,262)	(49,219)
Short-term bank deposits	(2,324)	(1,140)
Net debt	287,167	309,575

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About Company

OA O Raspadskaya is situated in the Kemerovo region of Russia. Company comprises two active underground mines, an active open-pit mine, a coal preparation plant and one underground mine under construction, as well as a coal transportation network and a number of integrated infrastructure companies. Raspadskaya is one of the leading Russian coking coal producers whose customers include major steel and coking plants in Russia, Ukraine as well as Eastern Europe and Asia. 80% of Raspadskaya's ordinary shares are held by Corber Enterprises Ltd, an entity ultimately owned by Raspadskaya management and Evraz Group on a parity basis.

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For further information please visit www.raspadskaya.com or contact:

Media Relations

+7 (495) 147 15 16 Alexander Andreev
press@raspadskaya.ru

Investor Relations

+7 (495) 147 15 16 Oleg Kuzakov
ir@raspadskaya.ru