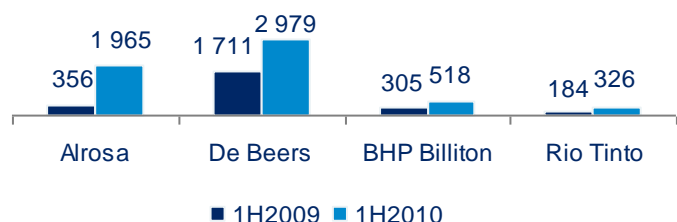


## Market Update

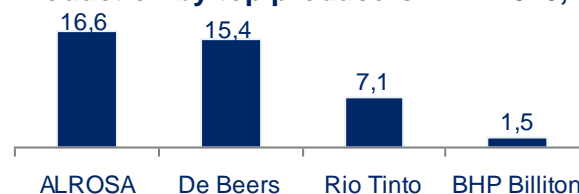
- In 1H2010 ALROSA holds the 1<sup>st</sup> place among top diamond producers.
- Diamond market fully recovered with top companies doubling sales in 1H2010.
- The Company increased sales more than 3 times compared to 1H2009 and 50% to the historical maximum in 1H2007.

### Top diamond producers` sales, mln US\$



Source: ALROSA's filings, press reports.

### Production by top producers in 1H2010, mln ct



Source: ALROSA's filings, press reports.

## Revenue and margin recovery

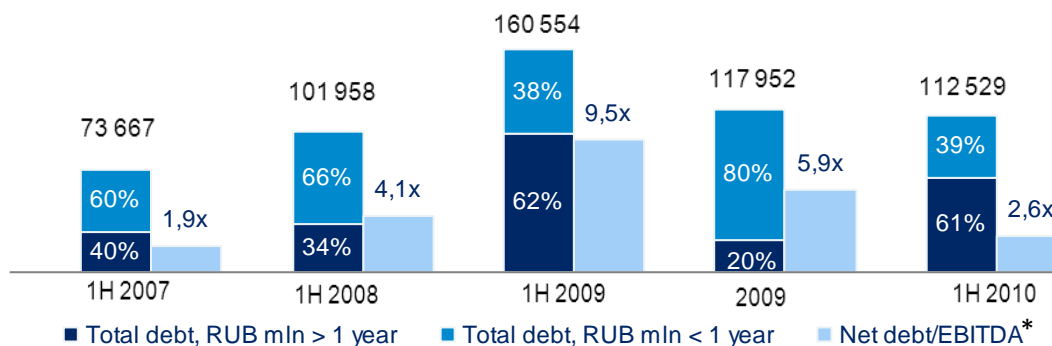
- In 1H2010 ALROSA is pleased to report a profit of RUB 5.0 bln, compared to RUB 7.3 bln loss in 1H2009.
- The Company achieved a record level of revenue and operating profit in 1H2010.
- EBITDA margin returned to the pre-crisis level.

Financial Summary (RUB mln)	1H2010	1H2009	1H2008	1H2007
<b>Revenue</b>	<b>64 392</b>	17 543	41 258	42 147
Cost of sales	<b>(38 012)</b>	(11 571)	(24 702)	(23 073)
<b>Gross profit</b>	<b>24 625</b>	4 217	14 391	16 902
SG&A	<b>(2 747)</b>	(2 649)	(4 072)	(3 366)
<b>Operating profit / (loss)</b>	<b>15 876</b>	2 921	5 997	10 857
<b>Profit / (loss)</b>	<b>5 015</b>	(7 318)	2 527	7 472
<b>Adjusted EBITDA</b>	<b>20 601</b>	1 610	8 979	14 599
<i>margin, %</i>	<b>32,0%</b>	9,2%	21,8%	34,6%

## Strengthened Balance Sheet

- Restoring market sales of rough diamonds and getting rid of non-core assets, ALROSA has decreased its total debt from RUB 160.6 bln to RUB 112.5 bln during 2H2009-1H2010.
- Placing RUB bonds in 1H2010 the Company has decreased share of short-term debt from 80% in the end of 2009 to 39% in 1H2010.
- Net Debt to EBITDA ratio returned to pre-crisis level.

### Debt reduction and improved liquidity



\*Note: LTM adjusted EBITDA