

## ALROSA. IR-Release, H1 2010

### H1 2010 Results

- Sales of rough diamonds exceed both the level of H1 2009 and the pre-crisis H1 2007 and H1 2008 volumes.
- Diamond production of 16.6 mln. carats corresponds to the amount produced in H1 2009.
- Average interest rate of allocated debt decreased from 12.4% to 8.1%.
- Loan debt decreased from \$3 790 mln. to \$3 464 mln.
- RUR 26 billion bond placement has been successfully completed under debt refinancing strategy.

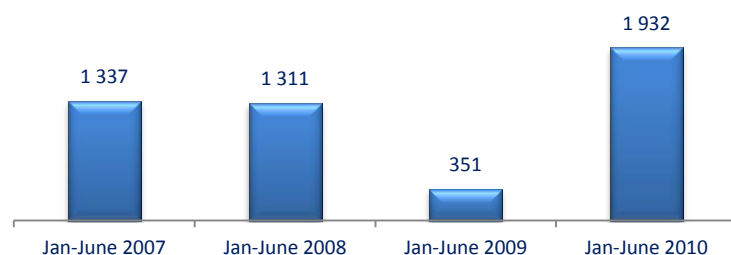
### Financial Results under Russian Accounting Standards (RAS)

Based on actual results of H1 2010, the Company's revenue for this period is RUB 53.58 billion, proceeds from sales - RUB 19.04 billion, net income - RUB 2.96 billion.

Indicator	H I 2009, actual	H I 2010, actual
	RUB million	RUB million.
Revenue	13 413	53 579
COGS	(11 585)	(27 971)
SG&A	(4 354)	(6 570)
Proceeds from Sales	(2 526)	19 038
Results from other income/losses	(12 242)	(14 400)
Earnings before Tax	(14 768)	4 638
Net Income	(14 675)	2 959

### Diamond Sales Exceed the Pre-Crisis Level

ALROSA Revenue from Diamond Sales, mln. \$



According to preliminary results, in Q2 2010 the core product sales by ALROSA amounted to \$997 million, of which \$249.1 million were contributed by sales to the domestic market and \$747.9 by export sales.

In H1 2010 rough diamond sales totaled \$1.9 billion, of which sales through long-term contracts accounted for 31%. Sales of rough diamonds in the first six months of 2010 exceeded both the Jan-June 2009 and the pre-crisis levels.

The 2010 target for diamond sales is set at \$3.3 billion.

### Stable Diamond Production

In Q2 2010 ALROSA produced 8 million carats of rough diamonds. In the first half of 2010 the Company's diamond production totaled 16.6 million carats, which is as much as in H1 2009.

Period	2009	2010
unit	million ct	million ct
Q 1	9.2	8.6
Q 2	8.2	8.0
Total, H1	17.4	16.6

### Successful Placement of Ruble Bonds

On June 24 and 29 ALROSA successfully completed the placement of 4 bond issues, Series 20 – 23, together worth RUB 26 billion. All of the issues mature in 5 years, with 3 years put options on Series 21 and 22.

Issuance Parameters	Series #20	Series #21	Series #22	Series #23
Placement Date	29.06.2010	24.06.2010	29.06.2010	24.06.2010
Coupon	8.95%	8.25%	8.25%	8.95%
Placement Amount	RUB 3 billion	RUB 8 billion	RUB 8 billion	RUB 7 billion
Maturity Date	23.06.2015	18.06.2015 (18.06.2013)	23.06.2015 (23.06.2013)	18.06.2015

Credit and Loan Indebtness, mln.\$



The proceeds of the bond issues are used to refinance the short-term debt and increase the proportion of long-term debt to 62%.

For Q4 2010 ALROSA has scheduled an issuance of \$1 billion 10-year corporate Eurobonds, thus bringing the proportion of long-term borrowings in the consolidated debt portfolio to 91.5%.

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