Interim Financial Report

Half Year ended June 30, 2011

Table of contents

Interim Management Report

Company Overview

Overview

Aperam including its subsidiaries ("Aperam" or "the Company") is a global player in stainless, electrical and specialty steel, with operations in more than 30 countries. The business is organized in three segments: Stainless & Electrical Steel, Services & Solutions and Alloys & Specialties. Aperam has 2.5 million tonnes of flat stainless steel capacity in Europe and Brazil and is a leader in high value added niches - alloys and specialties. Aperam has also a highly integrated distribution, processing and services network and a unique capability to produce stainless and specialty from low cost biomass (charcoal). Its industrial network is concentrated in 6 main plants located in Brazil, Belgium and France.

At the end of June 2011 Aperam had approximately 9,600 employees. Aperam commits to operate in a responsible way with respect to health, safety and well-being of its employees, contractors and the communities in which it operates. It is also committed to the sustainable management of the environment and of finite resources.

In 2010, Aperam had sales of $5.6 billion and shipments of 1.74 million tonnes. At the end of June 2011, Aperam had sales of $3.4 billion and shipments of 0.89 million tonnes.

Contacts

The Company is a Luxembourg public limited liability company (*société anonyme*) incorporated on September 9, 2010 to hold the assets which comprised the stainless and specialty steels businesses of ArcelorMittal.

The Company has its registered office at 12C, rue Guillaume Kroll, L-1882 Luxembourg, Grand Duchy of Luxembourg and is registered with the Luxembourg Register of Commerce and Companies under the number B 155.908.

The mailing address and telephone number of Aperam's registered office are:
12C, rue Guillaume Kroll, L-1882 Luxembourg, Grand-Duchy of Luxembourg, tel: +352 27 36 27 00.

To contact Aperam by email, please write to contact@aperam.com. Please include your full name, postal address and telephone number.

Interim Management Report

Message from the CEO

Dear Stakeholders,

Despite the recent uncertainties in the global economy, I am happy to present you the first half year report of our newly created company which reflects our performance from January to June 2011.

Aperam was spun off from ArcelorMittal on January 25, 2011 in order to enable it to benefit from better visibility in the markets, pursue its growth strategy as an independent company in the emerging markets and in the specialty products and deliver outstanding services to its demanding customers.

After the downturn of the global economy in the second half of 2008 we have gained solid experience in becoming more flexible to adapt ourselves to deteriorating market conditions and be ready when markets recover. Since the spin off from ArcelorMittal we have further demonstrated our agility to operate in a volatile environment and have become more resilient through cost improvement initiatives and a sound balance sheet.

At the end of June 2011, we had already reached $73 million of management gains and profit enhancement as a consequence of our “Leadership Journey”. These results make me feel confident that we are well on track to reach the $250 million EBITDA improvement we are targeting until the end of 2012 by focusing on fixed and variable cost reductions as well on increased productivity.

With respect to our balance sheet, we have successfully established our own financing structure as a stand-alone company, an important step towards the management of our own future. Moreover our debt structure is sound with only limited exposure to bank debt and prudent debt levels compared to peers.

I would like to thank our shareholders who have supported Aperam since its creation and I am convinced that Aperam is a stronger company than a few months ago and is well positioned to move in an environment characterized by structural overcapacities and the volatility of nickel prices.

Finally our teams have been very dedicated since the creation of Aperam and I would like to take this opportunity to thank all our employees for these first achievements and the support and solutions they have been constantly providing to our customers. I am very proud how quickly our new company is reacting to the needs of our customers.

Regardless of the challenging global economy I am confident that Aperam will be able to continue on its path of sustainably improving its cost structure and increasing its resilience.

Bernard Fontana,
CEO Aperam

Interim Management Report

Business Overview

Introduction

On December 7, 2010, Aperam's board of directors and the board of directors of ArcelorMittal approved a proposal to spin off ArcelorMittal's stainless and specialty steels businesses to its shareholders in order to enable it to benefit from better visibility in the markets, and to pursue its growth strategy as an independent company in the emerging markets and in specialty products, including electrical steel. On January 25, 2011, at an extraordinary general meeting, the shareholders of ArcelorMittal voted to approve the spin-off proposal. ArcelorMittal as Aperam's sole shareholder as of that date also voted to approve the spin-off proposal.

In connection with the spin-off, 78,049,730 of our ordinary shares were allocated on a pro rata basis to ArcelorMittal's shareholders at an exchange ratio of one of Aperam's ordinary shares for every 20 ordinary shares of ArcelorMittal. Aperam's ordinary shares were admitted to listing and trading on the regulated market of the Luxembourg Stock Exchange, Euronext Amsterdam and Euronext Paris on January 31, 2011.

The following discussion and analysis should be read in conjunction with Aperam's financial report for the year 2010 and the unaudited condensed consolidated financial statements for the six months ended June 30, 2011 included in this report.

Key factors affecting results of operations

The Company's business, financial condition, results of operations or prospects could be materially adversely affected by any of the risk and uncertainties described below

Risks Related to the Company and the Stainless and Specialty Steel Industry

- The recent downturn in the global economy caused a sharp reduction in worldwide demand for stainless and specialty steels. Should the global economy or the economies of the Company's key selling markets fail to recover or sustain continued growth, this would have a material adverse effect on the stainless and specialty steel industry and the Company.
- Excess capacity and oversupply in the stainless steel industry globally may hamper the industry's recovery and/or prolong the downward trend in stainless steel prices.
- A slowdown in China's stainless and specialty steel consumption could have a material adverse effect on global pricing.
- Protracted low stainless and specialty steel prices would have a material adverse effect on the Company's results, as would price volatility.
- The Company is dependent on raw materials, which are subject to fluctuations in price.
- The prices for, and the availability of, energy resources consumed in the manufacture of the Company's products are subject to volatile market conditions.
- Competition from other materials could reduce market prices and demand for stainless and specialty steel products.
- The introduction of low quality substitution products may negatively affect the image of stainless steel as a high quality product.
- The stainless and specialty steel market is characterized by strong competition.
- The stocking and destocking of the Company's products by distributors may impact the price that the Company is able to charge for its products and may result in decisions to reduce production capacity.

- The Company's level of production and its sales and earnings are subject to significant fluctuations as a result of the cyclical nature of the stainless and specialty steel industry and some of its customer's industries.

- Changes in assumptions underlying the carrying value of certain assets, including as a result of adverse market conditions, could result in impairment of such assets, including intangible assets such as goodwill.

- Unfair trade practices in the Company's home markets could negatively affect prices and reduce its profitability, while trade restrictions could limit its access to key export markets.

- The Company's results of operations could be affected by fluctuations in foreign exchange rates.

- The Brazilian government has exercised, and continues to exercise, significant influence over the Brazilian economy. This involvement, as well as Brazilian political and economic conditions, could adversely affect the Company's business.

- Disruptions to the Company's manufacturing processes could adversely affect its operations, customer service levels and financial results.

- Natural disasters could significantly damage the Company's production facilities.

- The Company could experience labor disputes that may disrupt its operations and its relationships with its customers.

- The Company's insurance policies provide limited coverage, potentially leaving it uninsured against some business risks.

- The Company may incur environmental liability and investment expenses in connection with its past, present or future operations.

- Product liability claims could adversely affect the Company's operations.

- The Company is subject to regulatory risk, and may incur liabilities arising from investigations by governmental authorities and litigation regarding, among other things, its pricing and marketing practices or other antitrust matters.

- The Company is subject to litigation which could be costly, result in the diversion of management's time and efforts and require it to pay damages and/or prevent it from marketing its existing or future products.

- The Company's governance and compliance processes may fail to prevent regulatory penalties and reputational harm.

- The Company's operations and products are subject to stringent health and safety laws and regulations that give rise to significant costs and liabilities.

- The Company's income tax liability may substantially increase if the tax laws and regulations in countries in which it operates change or become subject to adverse interpretations or inconsistent enforcement.

- If the Company were unable to utilize fully its deferred tax assets, its profitability could be reduced.

- Some of the Company's operations depend on joint ventures, consortia and other forms of cooperation, and its business could be adversely affected if its partners fail to observe their commitments.

- The Company may need additional capital in the future to sufficiently fund its operations.

- The Company may seek to expand its business partly through acquisitions which, by their nature, involve numerous risks and could have an adverse effect on its financial condition and results of operations.

- The Company's growth strategy is inherently subject to completion and financing risks, which, if realized, could adversely affect its results of operations and financial condition.

- Mr. Lakshmi N. Mittal has the ability to exercise significant influence over the outcome of shareholder votes.

- The Company is a holding company which depends on the earnings and cash flows of its operating subsidiaries, which may not be sufficient to meet future operational needs or for shareholder distributions.

Risks Relating to the Reorganization and the Company Operating as an Independent Entity

- The Company, operating as an independent company, may not be able to leverage ArcelorMittal's relationships and global contacts

- The Company will not be able to rely on ArcelorMittal to fund its future capital requirements, and financing from other sources may not be available to it on favorable terms.

- If the Company is unable to retain its core senior management team and other key personnel, its business could suffer.

- U.S. investors may have difficulty enforcing civil liabilities against the Company and its directors and senior management.

Risks related to the Company Indebtedness

- The Company significant leverage may make it difficult to operate its businesses.

- The Company may incur substantially more debt in the future, which may make it difficult for the Company to service its debt, including the notes, and impair its ability to operate its businesses.

- The Company debt agreements contain restrictive covenants that may limit its ability to respond to changes in market conditions or pursue business opportunities.

- If the Company is unable to comply with the restrictions and covenants in the indentures governing the notes, the senior credit facilities and other current and future debt agreements, there could be a default under the terms of these agreements, which could result in an acceleration of repayment.

- To service the Company indebtedness, it requires a significant amount of cash, and its ability to generate cash will depend on many factors beyond its control.

- The Company variable rate indebtedness subjects it to interest rate risk, which could cause its debt service obligations to increase significantly.

Market environment

Aperam's results of operations are primarily affected by factors which impact the stainless and specialty steel industry generally, particularly global economic conditions, demand for stainless and specialty steels, production capacity, trends in raw material prices and fluctuations in exchange rates. In addition, Aperam's results of operations are affected by certain factors specific to itself, including several initiatives introduced in response to the challenging economic environment. These factors are described in greater detail below.

Demand for stainless and electrical steel, which represents approximately 2.5% of the global steel market by volume, is affected to a significant degree by trends in the global economy and industrial production. Demand is also affected in the short term by fluctuations in nickel prices as discussed in greater detail under "Stainless Steel Pricing" below.

Demand for stainless steel flat products began to recover in the last quarter of 2009 and increased by approximately 20% over the course of 2010, mainly driven by demand recovery in the developed world and sustained demand growth in China. In the first half of 2011, demand increased by 4.4% compared to the first half of 2010, mainly driven by Chinese demand growth.

Although the industry has not overproduced compared to demand, structural overcapacity is expected to continue to affect the stainless steel industry. Global utilization rates have declined significantly in recent years, from approximately 85% in 2006 to about 68% in 2010 and are estimated to remain at low levels until 2014/2015.

Competition

Based on management estimates, Asian imports have accounted for between 12 and 15% of the European market in recent years, including during the first six months of 2011. In South America, Aperam faces competition primarily from imports from Asia and, to a lesser extent, North America. Asian imports in Brazil accounted for approximately 25% during the first six months of 2011. Nickel alloys are a niche market in which Aperam's main competitors are ThyssenKrupp VDM, Carpenter Technologies, Special Metals, Hitachi and Haynes.

Stainless steel prices

The market for stainless steel is considered to be a global market. Stainless steel is suitable for transport over longer distances as logistics costs represent a smaller proportion of overall costs. The cost of alloys used in stainless steel products varies across products and can fluctuate significantly. Prices for stainless steel in Europe and the United States generally include two components:

- the "base price", which is negotiated with customers and depends mainly on market supply and demand; and

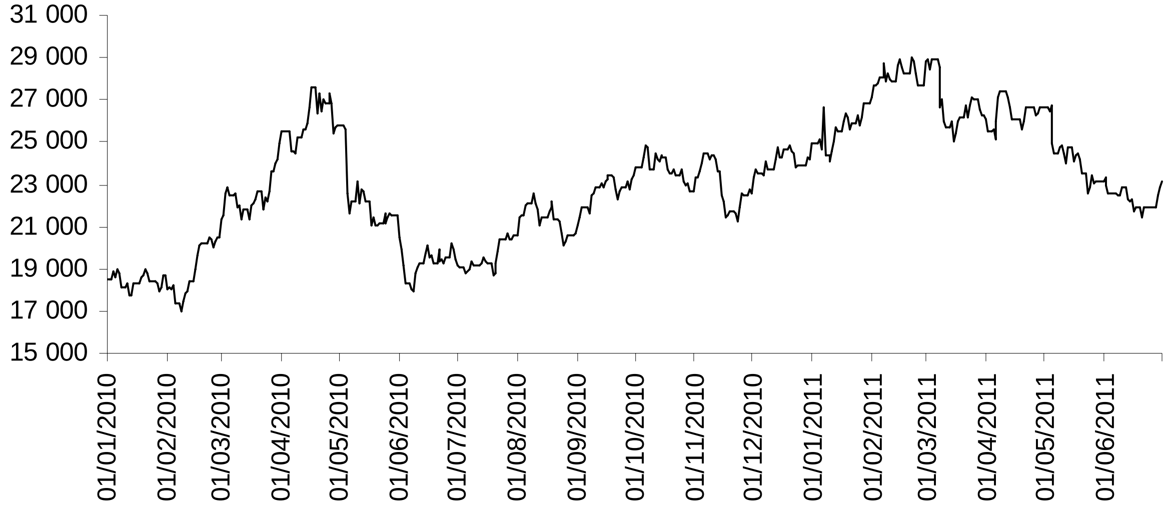
- the "alloy surcharge", which is a supplementary charge added by producers to the selling price of steel and offsets price increases in raw materials, such as nickel, chromium or molybdenum, by directly passing these increases on to customers. The concept of the "alloy surcharge", which is calculated using raw material prices quoted on certain accepted exchanges, such as the London Metals Exchange (the "LME"), was introduced in Europe and the United States in response to significant volatility in the price of these materials, which has historically been driven by fluctuations in demand, increasing or decreasing inventory levels, changes in production capacity and speculation by metal traders.

Notwithstanding the application of the "alloy surcharge", Aperam is still affected by changes in raw material prices, in particular nickel. In general, when the price of nickel is falling, purchasers of stainless steel products delay their orders to benefit from an expected decline in prices, which has the effect of reducing demand in the short term. By contrast, when nickel prices are rising, purchasers tend to acquire larger quantities of stainless steel in order to avoid having to buy at higher prices.

Nickel prices increased throughout 2010, peaking at approximately $26,000 per tonne in April 2010, before settling at approximately $24,000 per tonne by the end of the year 2010. In 2011, nickel prices increased up to $29,000 per tonne early March 2011, before reaching a bottom of about $21,400 per tonne on June 20, 2011. At the end of June 2011, nickel prices had picked up again to reach $23,100 per tonne.

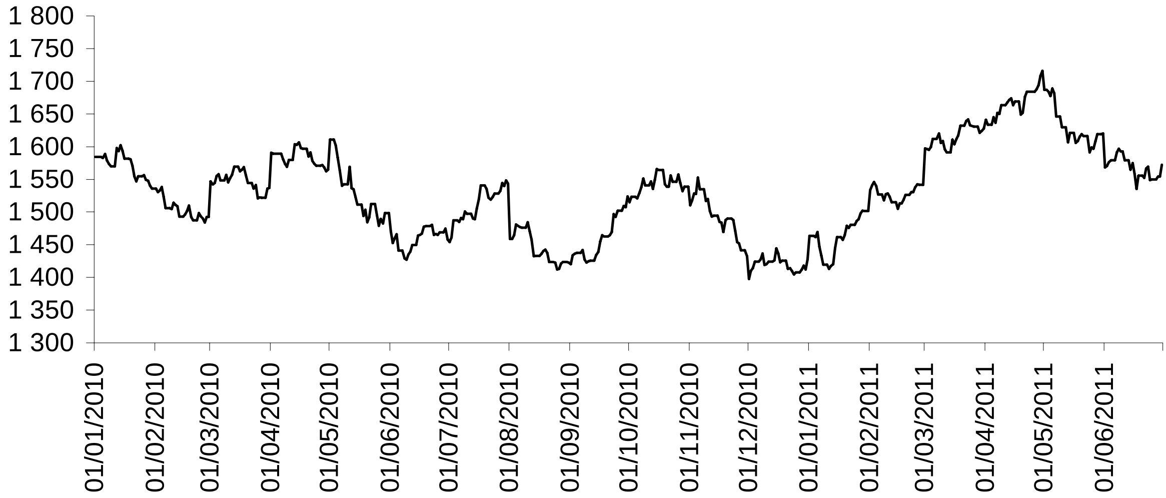
The charts below show the price of nickel on the LME and the European base price for CR304 stainless steel for the period from January 1, 2010 to June 30, 2011:

Nickel - LME ($/tonne)



Stainless Steel/CR304 2B 2mm

Coil Base/Northern Europe Domestic Delivered ($/tonne)



Stainless steel base prices decreased slightly in 2010 as a result of the low-range volatility of nickel pricing, as well as stainless steel destocking. After an increase of base prices until end of April 2011 to about $1,710 per tonne, the nickel decline and the “wait and see” attitude by customers put pressure on base prices which declined to about $1,570 per tonne at the end of June 2011.

Current and anticipated trends in stainless steel production and prices

Based on assumptions from the data provider CRU, global flat stainless steel demand is expected to increase by about 5% per year on average until 2015 with 3%/4% in Europe and 6%/7% in South America. Stainless steel base prices are expected to remain under pressure as a consequence of the structural overcapacity.

Raw materials and energy

The Company’s production facilities use both the traditional blast furnace process as well as the electric arc furnace steelmaking process. In Brazil, the Company predominantly uses the traditional blast furnace production process, which requires, among other materials, iron ore and coke or charcoal (biomass). In Europe, the electric arc furnaces at its Châtelet and Genk production facilities use stainless and carbon steel scrap as key raw material inputs. In addition, the Company uses nickel, ferrochrome and molybdenum, among other materials, in its products.

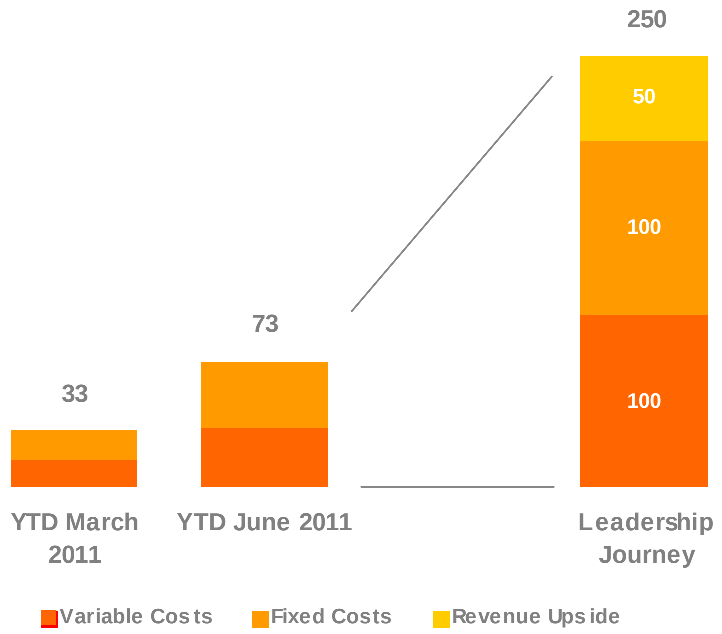
As part of the Leadership Journey described in greater detail below, Aperam has finalized at its Brazilian operations (Timóteo) on June 26, 2011 the conversion of its blast furnace number 2 and will henceforth use biomass (charcoal) instead of coke. Also as part of the Leadership Journey, Aperam’s Brazilian operations switched from LPG to natural gas in Timóteo.

Leadership Journey

At the end of 2010, the Company launched an initiative to target $250 million of management gains and fixed cost reductions over the next two years. The program, referred to as the “Leadership Journey”, focuses on fixed and variable cost reductions and increasing productivity, targeting the following:

- $100 million of fixed costs reductions;
- $100 million of variable costs reductions; and
- $50 million of additional revenues

Cumulated gains and target 2012 ($ million)



At the end of June 2011, the EBITDA impact year to date was $73 million. The key projects completed in the first half of 2011 were: the switch from LPG to natural gas in Timoteo, the suspension of the traditional cold roll mill in Isbergues and a voluntary separation scheme completed in Brazil in March 2011. The conversation of blast furnace number 2 from coke to biomass (charcoal) as described above will impact positively the second half of the year.

Impact of exchange rate movements

After recovering in 2010 from record lows reached in the second half of 2009 against most currencies in the jurisdictions where Aperam operates (mainly euro and Brazilian real), the U.S. dollar depreciated again significantly during the first half of 2011, reaching a new low record in June 2011.

Because a substantial portion of Aperam's assets, liabilities, sales and earnings are denominated in currencies other than the U.S. dollar (its presentation currency), Aperam has exposure to fluctuations in the values of these currencies relative to the U.S. dollar. In order to minimize its currency exposure, the Company enters into hedging transactions to lock in a set exchange rate, in accordance with its management policies.

Operating results

Aperam reports its operations in three segments: Stainless & Electrical Steel, Services & Solutions and Alloys & Specialties.

Key Indicators

The key performance indicators that Aperam's management uses to analyze operations are sales, average steel selling prices, steel shipments and operating income. Management's analysis of liquidity and capital resources is driven by operating cash flows.

Interim Management Report

Six months ended June 30, 2011 as compared to six months ended June 30, 2010

Sales, Steel Shipments and Average Steel Selling Prices

Aperam's sales were higher at $3.4 billion for the six months ended June 30, 2011, up from $2.8 billion for the six months ended June 30, 2010, primarily due to an increase in average steel selling prices compared to a year earlier.

Aperam's shipments decreased by 3%, to 891 thousand tonnes for the six months ended June 30, 2011, from 915 thousand tonnes for the six months ended June 30, 2010. Average steel selling prices increased by 27% for the six months ended June 30, 2011 as compared to the six months ended June 30, 2010. Average steel selling prices were higher in all the segments.

The following table provides a summary of sales at Aperam by reportable segment for the six months ended June 30, 2011 as compared to the six months ended June 30, 2010:

	Sales for the Six Months Ended June 30,(1)		Steel Shipments for the Six Months Ended June 30,(2)		Average Selling Price for the Six Months Ended June 30,		Changes in		
Reportable Segment	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**Sales**	**Steel Shipments**	**Average Steel Selling Price**
	(in millions of U.S. dollars)		*(thousands of tonnes)*		*(in U.S. dollars/tonne)*		(%)		
Stainless & Electrical Steel(3)	2,818	2,260	889	868	3,109	2,495	24.7	2.4	24.6
Services & Solutions	1,427	1,185	349	346	3,907	3,265	20.4	0.9	19.7
Alloys & Specialties ..	404	237	21	16	18,476	14,392	70.5	31.3	28.4

Notes:

(1) Amounts are shown prior to intra-group eliminations. For additional information, see Note 7 to the Unaudited Condensed Consolidated Financial Statements.

(2) Stainless & Electrical Steel shipment amounts are shown prior to intersegment shipments of 368 thousand tonnes and 315 thousand tonnes in the six months ended June 30, 2011 and 2010, respectively.

(3) Includes shipments of special carbon steel from the Company's Timóteo production facility.

Stainless & Electrical Steel

Sales in the Stainless & Electrical Steel segment increased 24.7% to $2,818 million for the six months ended June 30, 2011, from $2,260 million for the six months ended June 30, 2010, primarily due to a 24.6% increase in average steel prices and a 2.4% increase in steel shipments.

Total steel shipments in the Stainless & Electrical Steel segment increased 2.4% to 889 thousand tonnes for the six months ended June 30, 2011, from 868 thousand tonnes for the six months ended June 30, 2010.

Average steel selling price in the Stainless & Electrical Steel segment increased 24.6% to $3,109 per tonne for the six months ended June 30, 2011 as compared with $2,495 per tonne for the six months ended June 30, 2010.

Service & Solutions

Sales in the Service & Solutions segment increased 20.4% to $1,427 million for the six months ended June 30, 2011, from $1,185 million for the six months ended June 30, 2010, primarily due to a 19.7% increase in average steel prices and a 0.9% increase in steel shipments.

Total steel shipments in the Service & Solutions segment increased 0.9% to 349 thousand tonnes for the six months ended June 30, 2011, from 346 thousand tonnes for the six months ended June 30, 2010.

Average steel selling price in the Service & Solutions segment increased 19.7% to $3,907 per tonne for the six months ended June 30, 2011 as compared with $3,265 per tonne for the six months ended June 30, 2010.

Alloys & Specialties

Sales in the Alloys & Specialties segment increased 70.5% to $404 million for the six months ended June 30, 2011, from $237 million for the six months ended June 30, 2010, primarily due to a 31.3% increase in steel shipments and a 28.4% increase in average steel prices.

Total steel shipments in the Alloys & Specialties segment increased 31.3% to 21 thousand tonnes for the six months ended June 30, 2011, from 16 thousand tonnes for the six months ended June 30, 2010.

Average steel selling price in the Alloys & Specialties segment increased 28.4% to $18,476 per tonne for the six months ended June 30, 2011 as compared with $14,392 per tonne for the six months ended June 30, 2010.

Operating Income

Aperam's operating income for the six months ended June 30, 2011 amounted to $94 million, compared to an operating income of $176 million for the six months ended June 30, 2010.

The following table summarizes by reportable segment the operating (loss) income and operating margin of Aperam for the six months ended June 30, 2011 as compared with the six months ended June 30, 2010:

	Operating Income[1] Six Months Ended June 30,		**Operating Margin Six Months Ended June 30,**	
Reportable Segment	**2011**	**2010**	**2011**	**2010**
	(in millions of U.S. dollars)		*(%)*	
Stainless & Electrical Steel	43	86	1.5	3.8
Services & Solutions	7	53	0.5	4.5
Alloys & Specialties	44	22	10.9	9.3

Note:

(1) Amounts are shown prior to intra-group eliminations

Stainless & Electrical Steel

Operating income for the Stainless & Electrical Steel segment for the six months ended June 30, 2011 was $43 million, as compared with an operating income of $86 million for the six months ended June 30, 2010. Higher average selling prices for the period were partially offset by the impact of higher costs as a result of the appreciation of both the Euro and the Brazilian Real against the US dollar. The results for the six months ended June 30, 2011 for the Stainless & Electrical Steel segment include charges of $36 million relating to the implementation of the Leadership Journey ($24 million in Europe and $12 million in South America).

Service & Solutions

Operating income for the Service & Solutions segment for the six months ended June 30, 2011 was $7 million, as compared with an operating income of $53 million for the six months ended June 30, 2010. Higher volumes at the beginning of 2011 were offset by lower volumes in the second quarter of 2011 as a result of the “wait and see” behavior adopted by customers from the decline in nickel prices. The operating income for the six months ended June 30, 2011 was also impacted by the negative stock effect in the second half of the period as a result of the nickel price decline.

Alloys & Specialties

Operating income for the Alloys & Specialties segment for the six months ended June 30, 2011 was $44 million, as compared with an operating income of $22 million for the six months ended June 30, 2010. The strong improvement in operating income for the period results primarily from higher volumes and average selling prices.

Income from Other Investments

The Company recorded income of $1 million from other investments for the six months ended June 30, 2011, compared to $8 million for the six months ended June 30, 2010. The income from other investments for the six months ended June 30, 2011 was attributable to a minority stake held by the Company in a Brazilian steelmaker and the income from other investments for the six months ended June 30, 2010 was attributable to a minority stake held by the Company in a Brazilian long steel producer.

Interest Income

Interest income decreased to $1 million for the six months ended June 30, 2011, compared to $4 million for the six months ended June 30, 2010.

Interest Expense and Other Net Financing Costs

Interest expense and other net financing costs include interest expense, revaluation of financial instruments, net foreign exchange income/expense (i.e. the net effects of transactions in a foreign currency other than the functional currency of a subsidiary) and other financing costs. Interest expense decreased to $43 million for the six months ended June 30, 2011, compared to $55 million for the six months ended June 30, 2010, due to the lower level of average borrowings and the replacement of the specific financing that existed prior to the spin-off by a new financing structure that was put in place in March 2011.

The Company had unrealized losses on derivatives instruments of $7 million for the six months ended June 30, 2011, compared to unrealized gains of $17 million for the six months ended June 30, 2010. These unrealized losses and gains related to instruments the Company entered into to hedge its exposure to nickel prices which do not qualify for hedge accounting treatment under IAS 39. The Company had an unrealized loss and an unrealized gain for the six months periods ended June 30, 2011 and 2010, respectively as a result of a decrease and an increase in nickel prices during the six months period ended June 30, 2011 and 2010, respectively.

Net foreign exchange and other net financing costs (which includes bank fees, interest on pensions and impairment of financial instruments) was $12 million for the six months ended June 30, 2011, compared to $1 million for the six months ended June 30, 2010.

Income Tax

The Company recorded an income tax benefit of $5 million for the six months ended June 30, 2011, compared to an income tax expense of $28 million for the six months ended June 30, 2010. The tax benefit is a result of changes in the estimated results as some Company’s operating entities experienced a decrease in profitability for the six months ended June 30, 2011 as compared to the six months ended June 30, 2010.

Non-controlling Interests

Net result attributable to non-controlling interests was nil for the six months ended June 30, 2011, compared to a net income of $1 million attributable to non-controlling interests for the six months period ended June 30, 2010.

Net Income Attributable to Equity Holders of the Parent

The Company's net income attributable to equity holders of the parent was $27 million for the six months ended June 30, 2011, compared to $114 million for the six months ended June 30, 2010, for the reasons discussed above.

Liquidity and Capital Resources

The Company's principal sources of liquidity are cash generated from its operations, its senior credit facility and credit facilities at the level of its operating subsidiaries. Management believes that the cash generated from the Company's operations and credit facilities are sufficient to meet the Company's present requirements. Aperam S.A. is dependent upon the earnings and cash flows of, and dividends and distributions from, its operating subsidiaries to pay expenses and meet its debt service obligations since it is a holding company.

Aperam's cash and cash equivalents amounted to $266 million as of June 30, 2011 compared to pro forma[1] cash and cash equivalents of $228 as of December 31, 2010. Additionally, the Company had available borrowing capacity of $200 million under its senior credit facility.

Total debt, which includes long-term debt and short-term debt was $1,373 million as of June 30, 2011 and total pro forma[1] debt was $1,079 as of December 31, 2010. Net debt (defined as long-term and short-term debt less cash and cash equivalents) was $1,107 million as of June 30, 2011, compared to pro forma net debt of $851 million at December 31, 2010, Gearing (defined as net debt divided by total equity) was 27% as of June 30, 2011 compared to 22% as of at December 31, 2010.

Financing

Prior to the spin-off, the Company's principal sources of financing consisted of loans from ArcelorMittal entities to the Company at the level of Aperam South America (formerly ArcelorMittal Inox Brazil), which holds Aperam's assets in Brazil, and Aperam Stainless Belgium (formerly ArcelorMittal Stainless Belgium), which holds Aperam's assets in Belgium. Simultaneously with the spin-off, Aperam entered into a $900 million bridge loan with ArcelorMittal to replace these loans. On March 15, 2011, Aperam entered into a borrowing base facility with third party lenders to replace $400 million of the ArcelorMittal bridge loan. Along with cash on hand, the remainder of the ArcelorMittal bridge loan was repaid with the proceeds of a notes offering on March 28, 2011.

In addition to the partial repayment of the ArcelorMittal bridge loan, the other purpose of the $800 million borrowing base facility is to finance the working capital requirements. The borrowing base facility may be repaid and redrawn from time to time until its final maturity in March 2014, with an option, subject to the lenders' consent to extend the final maturity by an additional year, provided the request is sent to the agent no later than 60 days (and no earlier than 75 days) before the first anniversary of the closing date. The borrowing base facility may be increased from $800 million to $1 billion upon the Company's request and subject to approval by the lenders.

The borrowing base facility charges interest at a rate of LIBOR (or EURIBOR, in the case of an advance denominated in euros) plus a margin of 1.100% to 3.350% (depending on the Company's most recent corporate rating by Standard & Poor's or Moody's or both) per annum for the relevant interest period, which may be one, two, three or six months or any other period agreed between the parties. The facility also charges a commitment fee of 0.74% per annum on the undrawn and uncancelled portion of the total facility amount, payable quarterly in arrear.

The Company's obligations under the borrowing base facility are guaranteed by Aperam Stainless Belgium N.V., Aperam Stainless France S.A., Aperam Stainless Services & Solutions Precision S.A., Aperam Stainless Services & Solutions France S.A.S., Aperam Alloys Imphy S.A., Aperam South America Ltda., Aperam Stainless Services &

[1] The pro forma combined financial information presents Aperam's financial position and results of operations as of December 31, 2010, as adjusted to give effect to the spin-off and related financing activities, as if they had taken place on January 1, 2010. Such pro forma financial information has been adjusted to give effect to: • the allocation of 78,049,730 of the Company's ordinary shares to the shareholders of ArcelorMittal; • the incurrence of $891 million of debt under new financing arrangements and the associated interest expense and other financing costs; and • the repayment of $1,670 million of related party debt and payables, in each case, owed by the Company to ArcelorMittal. The pro forma combined financial information is available in the Company's Financial Report 2010 on www.aperam.com

Solutions Brasil Ltda., Aperam Stainless Services & Solutions Tubes Brasil Ltda., Aperam Stainless Services & Solutions Germany GmbH and Aperam Treasury S.N.C.

The borrowing base facility is secured by first-ranking security interests over certain eligible receivables and inventory of certain of the guarantors, as well as over substantially all of the assets (other than fixed assets) of Aperam Stainless Belgium N.V. and certain bank accounts and insurance policies. The Company is also required to grant security over its rights under any hedging relating to certain pledged inventories. The aggregate amount of advances drawn under the borrowing base facility may not exceed a borrowing base value equal to 70% to 100% of the book value (or, in some cases, market value or scrap value) of certain eligible receivables and inventory, which is reported to the facility agent on a monthly basis.

In addition to restrictive covenants limiting encumbrances on assets of Aperam and its subsidiaries, the ability of subsidiaries to incur debt and the ability of Aperam and its subsidiaries to dispose of assets in certain circumstances, the borrowing base facility contains financial covenants, including:

- a minimum ratio of consolidated current assets to consolidated current liabilities of 1.1:1;
- a minimum consolidated tangible net worth of $2.2 billion; and
- a maximum consolidated total debt of 70% of consolidated tangible net worth.

On March 28, 2011, Aperam issued two series of US dollar denominated notes, consisting of $250 million aggregate principal amount of its 7.375% notes due 2016 and $250 million aggregate principal amount of its 7.75% notes due 2018, in a private placement in the international capital markets.

The notes are senior unsecured obligations, ranking equally in right of payment with all other existing and future senior unsecured indebtedness and senior in right of payment to all existing and future subordinated indebtedness. The notes are effectively subordinated to all the Company's secured obligations, including any indebtedness under its senior credit facility, to the extent of the value of the collateral. In addition, the notes are effectively subordinated to all current and future indebtedness and other obligations of the Company's subsidiaries, including trade payables and amounts drawn under the credit facilities of the Company's Brazilian subsidiary, Aperam South America.

The notes contain optional redemption options and certain covenants and events of default that, among other things, limit the ability of the Company and certain subsidiaries to incur or guarantee additional indebtedness, issue preferred shares, pay dividends or make other distributions.

As of June 30, 2011, the Company had $40 million of debt outstanding at the subsidiary level outside of Brazil, including approximately $17 million of capital leases held by the Company's Belgian subsidiary, Aperam Stainless Belgium N.V.

True Sale of Receivables ("TSR") Programs

The Company has historically participated in a program established by ArcelorMittal for sales without recourse of trade accounts receivable programs with financial institutions, referred to as its true sale of receivables ("TSR") program. The total amount that might be borrowed by the Company under the TSR program at any time was EUR 300 million. Subsequent to the spin-off, the Company obtained liquidity from the sale of receivables through a new TSR program under similar terms and conditions to the existing ArcelorMittal TSR program for an amount up to EUR 250 million. Through the TSR program, the Company and certain of its operating subsidiaries surrender the control, risks and benefits associated with the accounts receivable sold, allowing it to record the amount of receivables sold as a sale of financial assets and remove the accounts receivable from its statement of financial position at the time of the sale. The amount of receivable sold by the Company under the TSR program and derecognized in accordance with IAS 39 for the six months ended June 30, 2011 and 2010 was $1,016 million and $783 million, respectively. Expenses incurred under the TSR program (reflecting the discount granted to the acquirers of the accounts receivable) are recognized in the statement of operations as financing costs and amounted to $12 million and $6 million for the six months ended June 30, 2011 and 2010, respectively.

Equity

Equity (excluding non-controlling interests) increased to $4.2 billion at June 30, 2011, compared to $3.6 billion at December 31, 2010.

Sources and Uses of Cash

	Summary of Cash Flows Six months ended June 30,	
	2011	2010
	(in $million)	
Net cash used in operating activities	(158)	(40)
Net cash provided by (used in) investing activities	586	(103)
Net cash (used in) provided by financing activities	(293)	155

Net cash Used in Operating Activities

Net cash used in operating activities increased to USD 158 million for the six months ended June 30, 2011, compared to USD 40 million for the six months ended June 30, 2010. The increase was due to increased working capital requirements. Working capital (defined for purposes of this half-year report as consisting of inventories plus accounts receivable less accounts payable) for the six months ended June 30, 2011 increased by USD 277 million as inventories increased by USD 201 million, accounts receivable increased by USD 225 million and accounts payable increased by USD 149 million, as compared to a USD 278 million increase in working capital a year earlier.

Net cash Provided by (Used in) Investing Activities

Net cash provided by investing activities amounted to $586 million for the six months ended June 30, 2011, compared to net cash used in investing activities of $103 million for the six months ended June 30, 2010. The net cash provided by investing activities in the six months ended June 30, 2011, was mainly related to the transfer to Aperam of loans under cash pooling arrangements with ArcelorMittal for $647 million. Capital expenditure was $59 million for the six months ended June 30, 2011, compared to $42 million for the six months ended June 30, 2010.

Net Cash (Used in) Provided by Financing Activities

Net cash used in financing activities amounted to $293 million for the six months ended June 30, 2011, compared to net cash provided by financing activities of $155 million for the six months ended June 30, 2010. The increase of net cash used in financing activities was primarily due to the transfer to Aperam of borrowings under cash pooling arrangements with ArcelorMittal for $540 million partly offset by net proceeds of short-term and long-term debt of $279 million.

Earnings Distributions

On January 21, 2011, Aperam announced that subject to legal and regulatory requirements being met, Aperam's dividend payment of $0.75 per share will be applicable after the spin-off.

As announced on February 15, 2011, the dividend will be paid in four equal quarterly installments of $0.1875 (gross) per share. Quarterly payments of $0.1875 per share took place on March 30, 2011 and June 14, 2011, and are scheduled to take place on September 12, 2011 and December 12, 2011.

Research and Developments, Patents and Licenses

Costs relating to research and development, patents and licenses were not significant as a percentage of sales. Research and development costs expensed (and included in selling, general and administration expenses for the for the six months ended June 30, 2011 amounted to $11 million, compared to $8 for the six months ended June 30, 2010.

Interim Management Report

Trend Information

All of the statements in this "Trend Information" section are subject to and qualified by the information set forth under the "Cautionary Statement Regarding Forward-Looking Statements". See also "Key Factors Affecting Results of Operations" above.

Outlook

As expected, the decline in nickel prices and the general economic uncertainty experienced in the second quarter of 2011 led customers to adopt a 'wait and see' behavior which had a negative impact on pricing. The Company continues to make progress with the 'Leadership Journey'. In particular, the Company has successfully converted blast furnace number 2 in Brazil to use biomass (charcoal).

EBITDA is expected to reach a trough in the third quarter of 2011 due, in particular, to a seasonal slowdown. Net debt is expected to decrease in the third quarter of 2011.

Interim Management Report

Recent Developments

- On April 5, 2011, Standard & Poor's Ratings Services assigned its 'BB' long-term corporate credit rating to Aperam. The rating is in line with the 'BB' preliminary rating assigned on February 3, 2011. The outlook is stable. At the same time, Standard & Poor's assigned their 'BB' rating to the $500 million bonds, in line with the 'BB' preliminary rating.

- On April 11, 2011, Moody's Investor Services assigned a definitive Ba2 corporate family rating (CFR) and a definitive Ba2 probability of default rating (PDR) to Aperam. Concurrently, Moody's assigned a definitive B1/loss-given default (LGD) 6 rating to the company's $500 million worth of senior unsecured bonds. The outlook on all ratings is stable.

- On May 10, 2011, as part of the 'Leadership Journey', Aperam announced that the Board of Directors of Aperam approved an investment of $35 million to improve the performance and profitability of its steel service center in Campinas, Brazil. This investment will result in the doubling of its processing capacity to 200,000 tonnes through revamping, streamlining and the addition of new processing lines, thus improving Aperam's ability to serve its customers in the thriving Brazilian market.

- On June 7, 2011, Aperam announced that its biomass operations in Brazil have been separated from ArcelorMittal's biomass operations and will be renamed Aperam BioEnergia. The legal steps of the demerger are currently underway and shall be completed in the third quarter. Aperam's biomass operations constitute a leading company in the sector of biomass production for the steel industry with state-of-the-art forest management, harvesting machinery and carbonization kilns. In 2010, they produced 220,000 tonnes of charcoal.

- On June 7, 2011, Aperam announced the publication of its Financial Report 2010. The report is available on www.aperam.com under "Investors" > "Aperam Reports".

- On July 12, 2011, the Ordinary and Extraordinary General Meetings of shareholders of Aperam approved all resolutions on the agenda by a large majority. 41,988,479 shares, or 53.79% of the Company's share capital, were present or represented at the meetings. The shareholders approved the statutory accounts for the financial period from January 1 to January 25, 2011 and elected Ms. Laurence Mulliez, CEO of Eoxis, a privately held company producing energy from renewable sources, as an independent member of Aperam's Board of Directors. Ms. Laurence Mulliez will serve for a term of three years. In addition, the shareholders approved the implementation of the new Restricted Share Unit Plan and Performance Share Unit Plan 2011 as well as amendments to the Company's articles of association intended to strengthen the rights of shareholders.

- On July 18, 2011, Aperam announced that it had signed an agreement with Google to deploy collaborative cloud-based solutions across its organization. Aperam will gradually switch its office software to Google's cloud-based solutions ("Google Apps") and deploy Google Mail as its core messaging tool among its 9,600 employees. The move is part of the Leadership Journey which aims to achieve $250 million of management gains and profit enhancement over 2011 and 2012.

Recent Developments in Legal Proceedings

Tax Claims

- On December 2, 2010, Aperam South America, the renamed successor of ArcelorMittal Inox Brasil received a tax assessment in the total amount of $47 million. The tax authority claims that the Company should have paid VAT (ICMS) related to the distribution of electric power in the period of 2005 to 2009. Aperam South America believes that this charge should not prevail since the distribution of electric power should not be considered as a good or transportation and therefore it should not be subject to VAT (ICMS). On May 5, 2011, the case was judged and the Company received a partial favorable decision. Minas Gerais State Revenue Service concluded that the Company has to pay VAT (ICMS), but it stated that the penalty applied and interest calculations were wrong. The Company is analyzing if it can present any appeal still in the administrative instance or if it will discuss the payment of VAT (ICMS) for the use of electric power distribution system in a judicial instance.

- On December 5, 2007, the Brazilian Federal Revenue Service challenged IPI (Tax on Industrialized Products (similar to Federal VAT)) tax credits registered by Aperam South America from January 2003 to December 2006 related to the acquisition of certain materials. The claim alleges that the products acquired are either not related to the final product or not integrally consumed during operations. The amount in dispute is approximately $7 million. In December 2010, there was a partial favorable decision and the Company filed in February 2011, an appeal regarding the part that was not favorable. The total amount was reduced due to the partial success in first administrative instance. The Company is still waiting for a decision in the second administrative level.

- On March 29, 2011 Aperam South America received a tax assessment related to drawback tax benefit. Federal Revenue states that the Company did not respect the conditions to use the benefit and demand to pay taxes related to importation and fees. The total amount claimed is $10 million. The Company presented its appeal in the first administrative instance and is waiting for a decision.

- On May 26, 2011 Aperam South America received a tax assessment from the Brazilian Federal Revenue Service in the amount of $21 million related to sales by Aperam South America to Acesita Imports and Exports (Madeira Island). The tax authorities require that the profits of Acesita Imports and Exports be added to Aperam South America's tax basis. Aperam South America filed its defense on June 24, 2011.

- On May 30, 2011. Aperam Stainless Services & Solutions Brasil has received a tax assessment from Brazilian Federal Revenue Service in the total amount of $3 million regarding Income Tax and Contribution on Profits. Brazilian Federal Revenue Service states that Aperam Stainless Services & Solutions Brasil paid less tax than due, because the Company supposedly made incorrect reductions on the tax basis (especially amortization of goodwill). The Company filed its defense on June 29, 2011.

Labor Disputes

- On October 20, 2005, a class action lawsuit was filed by 315 employees against Aperam Stainless France, the renamed successor of ArcelorMittal Stainless France contesting the calculation of their annual paid vacation leave and seniority bonuses. The Court of Appeals in Lyon found in favor of the employees in the amount of approximately $3 million and the Company appealed to the highest court of appeals in France (the *Cour de Cassation*) that returned negative decision on March 16, 2011.

Corporate Governance

We refer you to the "Corporate Governance" section of our Financial Report 2010 for a complete overview. The purpose of the present section is solely to describe the events and changes affecting the corporate governance of Aperam between December 31, 2010 and June 30, 2011.

Board of Directors

Composition

On May 9, 2011 the Board of Directors decided to co-opt Ms. Laurence Mulliez as member of the Board of Directors as from May 10, 2011 to fill the vacancy created by Ms. Sylvie Ouziel's resignation which was effective May 10, 2011.

The General Meeting of shareholders of July 12, 2011 approved the election of Ms. Laurence Mulliez as member of the Board of Directors of the Company.

Ms. Laurence Mulliez is CEO of Eoxis since 2010. Privately held Eoxis produces energy from renewable sources. Ms. Mulliez was previously CEO of Castrol Industrial Lubricants and Services at BP from 2007 to 2009 and held various positions in BP starting in 1999, including Head of Strategy for Gas, Power and Renewable Energy. Ms. Laurence Mulliez is considered as an independent director.

As a result of this change the members of the Board of Directors are set forth below.

Name	Position within the Company	Term Expires
Mr. Lakshmi N. Mittal	Chairman, Non-independent member of the Board of Directors	May 2013
Mr. Aditya Mittal	Non-independent member of the Board of Directors	May 2013
Mr. Gonzalo Urquijo	Non-independent member of the Board of Directors	May 2013
Mr. Romain Bausch	Independent member of the Board of Directors	May 2013
Mr. David B. Burritt	Independent member of the Board of Directors	May 2013
Ms. Kathryn A. Matthews	Independent member of the Board of Directors	May 2013
Ms. Laurence Mulliez	Independent member of the Board of Directors	May 2014

Aperam's Board of Directors has a majority of independent directors, with four members of the Board of Directors being independent and the remaining three members being non-independent.

None of the members of the Board of Directors has entered into service contracts with the Company or any of its affiliates that provide for benefits upon the termination of their service.

Board of Directors Committees

Aperam's Board of Directors has four committees:

- the Audit and Risk Management Committee,
- the Remuneration, Nomination and Corporate Governance Committee,
- the Sustainability, Performance and Strategy Committee and
- the Transition Committee.

The Board of Directors committee composition is described in the table below.

Name	Position within Aperam	Independent/ Non Independent Status	Audit and Risk Management Committee	Remuneration, Nomination and Corporate Governance Committee	Sustainability, Performance and Strategy Committee	Transition Committee
Romain Bausch	Member of Board of Directors	Lead Independent Director ; Independent	X	X (Chairman)		
David Burritt	Member of Board of Directors	Independent	X (Chairman)	X		X
Kathryn Matthews	Member of Board of Directors	Independent		X	X	X (Chairman)
Laurence Mulliez	Member of Board of Directors	Independent	X		X	X
Gonzalo Urquijo	Member of Board of Directors	Non Independent			X (Chairman)	

Share capital

As of January 26, 2011, and remained unchanged at June 30, 2011, the Company's authorized share capital, including the issued share capital, consisted of 85,854,303 shares without nominal value. The Company's issued share capital was represented by 78,049,730 fully paid up shares without nominal value.

The following table sets forth information as of June 30, 2011 with respect to the beneficial ownership and voting rights in the Company by each person who is known to be the beneficial owner of 2.5% or more of the Company's issued share capital.

	Shares	% of Issued Shares	% of Voting Rights
Mittal Shareholder(1)	31,866,913	40.83%	40.83%
Other public shareholders	46,182,817	59.17%	59.17%
of which is held by the Luxembourg State(2)	1,948,226	2.50%	2.50%
Total issued shares	78,049,730	100.00%	100.00%

Notes:

(1) The term "Mittal Shareholder" means the trust (HSBC Trust (C.I.) Limited, as trustee) of which Mr. Lakshmi N. Mittal, Mrs. Usha Mittal and their children are the beneficiaries, holding Aperam shares through the following two companies: Ispat International Investment, SL and Lumen Investments Sàrl.

(2) According to the Company's Articles of Association, a shareholder owning 2.5% or more of the share capital must notify the Company. The only registered shareholder owning 2.5% or more but less than 5% of the share capital of the Company at June 30, 2011 is the Luxembourg State, with 1,948,226 shares, representing 2.5% of the total issued share capital.

A general meeting of the Company held on January 21, 2011 resolved to cancel the fifth resolution adopted at a general meeting of the Company held on December 6, 2010 and to replace it by a new resolution (which became effective upon the effectiveness under Luxembourg law of the spin-off of ArcelorMittal's stainless and specialty steels assets into the Company) whereby the general meeting authorizes the Company to acquire and to own Company shares, including through off-market and over-the-counter transactions, and through derivative financial instruments on any of the stock exchanges on which the Company is listed, for a period of five years or until the date of its renewal by a resolution of the general meeting of shareholders if such renewal date is prior to the expiration the five-year period, provided that (a) the maximum number of own shares the Company may hold at any time directly or indirectly may not exceed 10% of its issued share capital and may not have the effect of reducing the Company's net assets ("*actif net*") below the amount mentioned in the relevant provisions of the Luxembourg law on commercial companies of 10 August 1915, as amended (Article 72-1), and (b) the purchase price per share to be paid may not represent more than 105% of the trading price of the Company shares on the stock exchanges where the Company is listed, and no less than one cent. For off-market transactions, the maximum purchase price will be 105% of the Company share price on Euronext. The reference price will be deemed to be the average of the final listing prices per share on the relevant stock exchange during 30 consecutive days on which the relevant stock exchange is open for trading preceding the three trading days prior to the date of purchase. The total amount allocated for the Company's share repurchase program may not in any event exceed the amount of the Company's then available equity.

Cautionary Statement Regarding Forward-Looking Statements

This document may contain forward-looking information and statements about Aperam and its subsidiaries. These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance. Forward-looking statements may be identified by the words “believe,” “expect,” “anticipate,” “target” or similar expressions. Although Aperam’s management believes that the expectations reflected in such forward-looking statements are reasonable, investors and holders of Aperam’s securities are cautioned that forward-looking information and statements are subject to numerous risks and uncertainties, many of which are difficult to predict and generally beyond the control of Aperam, that could cause actual results and developments to differ materially and adversely from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include those discussed or identified in the filings with the Luxembourg financial and stock market regulator (*Commission de Surveillance du Secteur Financier*). Aperam undertakes no obligation to publicly update its forward looking statements, whether as a result of new information, future events, or otherwise.

Interim Management Report

Statement of Responsible Persons

We confirm, to the best of our knowledge, that:

1. the Condensed Consolidated Financial Statements of Aperam presented in this Half Year Report 2011, prepared in conformity with International Accounting Standard 34, *Interim Financial Reporting*, as adopted in the European Union, give a true and fair view of the assets, liabilities, financial position, profit or loss of the Company and significant off balance sheet arrangements.

2. the interim management report includes a fair review of the material events that occurred in the first six months of the financial year 2011 and their impact on the Condensed Consolidated Financial Statements, of the main related party transactions, and a description of the principal risks and uncertainties for the remaining six months of the year.

By order of the Board of Directors

Chief Executive Officer
Mr. Bernard Fontana
August 10, 2011

Chief Financial Officer
Mr. Julien Onillon
August 10, 2011

Aperam

Condensed Consolidated Statement of Financial Position
(in millions of U.S. dollars)

	June 30, 2011	December 31, 2010 Combined
ASSETS		
Current assets:		
Cash and cash equivalents	266	120
Trade accounts receivable	669	405
Inventories (note 2)	1,795	1,496
Prepaid expenses and other current assets (note 3)	205	826
Total current assets	**2,935**	**2,847**
Non-current assets:		
Goodwill and intangible assets	1,062	989
Property, plant and equipment	3,054	2,917
Investments in associates	151	152
Other investments	136	181
Deferred tax assets	205	183
Other assets	73	66
Total non-current assets	**4,681**	**4,488**
Total assets	**7,616**	**7,335**

The accompanying notes are an integral part of these condensed consolidated financial statements.

Aperam

Condensed Consolidated Statement of Financial Position
(in millions of U.S. dollars)

	June 30, 2011	December 31, 2010 Combined
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt and current portion of long-term debt (note 6)	783	900
Trade accounts payable	1,170	942
Short-term provisions	67	39
Accrued expenses and other liabilities	402	426
Income tax liabilities	5	11
Total current liabilities	**2,427**	**2,318**
Non-current liabilities:		
Long-term debt, net of current portion (note 6)	590	932
Deferred tax liabilities	150	116
Deferred employee benefits	192	181
Long-term provisions	87	123
Other long-term obligations	3	11
Total non-current liabilities	**1,022**	**1,363**
Total liabilities	**3,449**	**3,681**
Equity (note 4):		
Common shares (no par value, 85,854,303 and 85,854,303 shares authorized, 78,049,730, and 4,000 shares issued and outstanding at June 30, 2011 and December 31, 2010 respectively)	547	—
Additional paid-in capital	1,600	—
Retained earnings	1,219	3,143
Foreign currency translation adjustments	787	457
Unrealized gain on available-for-sale securities	7	44
Unrealized gain on derivative financial instruments	1	5
Equity attributable to the equity holders of the parent	4,161	3,649
Non-controlling interests	6	5
Total equity	**4,167**	**3,654**
Total liabilities and equity	**7,616**	**7,335**

The accompanying notes are an integral part of these condensed consolidated financial statements.

Aperam

Condensed Consolidated Statement of Operations
(in millions of U.S. dollars except share and per share data)

	Six months ended June 30,	
	2011	**2010 Combined**
Sales (including 104 and 96 of sales to related parties in 2011 and 2010, respectively)	3,389	2,798
Cost of sales (including depreciation and impairment of 147 and 146 and purchases from related parties of 224 and 613 in 2011 and 2010, respectively)	3,152	2,502
Gross margin	237	296
Selling, general and administrative	143	120
Operating income	94	176
Income from other investments	1	8
Interest income	1	4
Interest expense and other net financing costs	(74)	(45)
Income before taxes	22	143
Income tax (benefit) expense (note 5)	(5)	28
Net income (including non-controlling interests)	**27**	**115**
Net income attributable to:		
Equity holders of the parent	27	114
Non-controlling interests	—	1
Net income (including non-controlling interests)	**27**	**115**
Earnings per common share (in U.S. dollars):		
Basic common shares	0.34	1.47
Diluted common shares	0.34	1.47
Weighted average common shares outstanding (in thousands)		
Basic common shares	78,050	78,050
Diluted common shares	78,050	78,050

The accompanying notes are an integral part of these condensed consolidated financial statements.

Aperam

Condensed Consolidated Statement of Comprehensive Income / (Loss)
(in millions of U.S. dollars)

	Six months ended June 30, 2011		Six months ended June 30, 2010 Combined	
Net income (including non-controlling interests)		**27**		**115**
(Loss) Gain arising during the period on available-for-sale investments (net of tax benefit (expense) of 12 and (3) for 2011 and 2010, respectively)	(37)		14	
Reclassification adjustments for gain on derivative financial instruments included in the statements of operations (net of tax expense of 2 and nil for 2011 and 2010, respectively)	(4)		—	
Exchange differences arising primarily on translation of foreign operations (net of tax benefit (expense) of (19) and 9 for 2011 and 2010, respectively)	329		(395)	
Share of other comprehensive income (loss) related to associates and joint ventures	2		(1)	
Total other comprehensive income (loss)	**290**		**(382)**	
Total other comprehensive income (loss) attributable to:				
Equity holders of the parent	289		(381)	
Non-controlling interests	1		(1)	
		290		(382)
Net comprehensive income (loss)		**317**		**(267)**
Net comprehensive income(loss) attributable to:				
Equity holders of the parent		316		(267)
Non-controlling interests		1		—
Total comprehensive income (loss)		**317**		**(267)**

The accompanying notes are an integral part of these condensed consolidated financial statements.

Aperam
Condensed Consolidated Statement of Changes in Equity
(in millions of U.S. dollars, except share data)

	Shares[1]	Share Capital	Additional Paid-in Capital	Retained Earnings	Foreign Currency Translation Adjustments	Unrealized Gains (Losses) on Derivatives Financial Instruments	Unrealized Gains (Losses) on Available for Sale Securities	Equity attributable to the equity holders of the parent	Non-controlling interests	Total Equity
Balance at December 31, 2009 (combined)	**—**	**—**	**—**	**2,995**	**535**	**—**	**53**	**3,583**	**6**	**3,589**
Net income	—	—	—	114	—	—	—	114	1	115
Other comprehensive (loss) income	—	—	—	—	(395)	—	14	(381)	(1)	(382)
Total comprehensive (loss) income	—	—	—	114	(395)	—	14	(267)	—	(267)
Recognition of share based payments	—	—	—	2	—	—	—	2	—	2
Capital transactions with ArcelorMittal (note 4)	—	—	—	69	—	—	—	69	—	69
Dividends	—	—	—	(2)	—	—	—	(2)	(2)	(4)
Balance at June 30, 2010 (combined)	**—**	**—**	**—**	**3,178**	**140**	**—**	**67**	**3,385**	**4**	**3,389**
Balance at December 31, 2010 (combined)	**4**	**—**	**—**	**3,143**	**457**	**5**	**44**	**3,649**	**5**	**3.654**
Net income	—	—	—	27				27		27
Other comprehensive (loss) income	—	—	—		330	(4)	(37)	289	1	290
Total comprehensive (loss) income	—	—	—	27	330	(4)	(37)	316	1	317
Recognition of share based payments	—	—	—	2	—	—	—	2	—	2
Capital transactions with ArcelorMittal (note 4)	—	—	—	33	—	—	—	33	—	33
Capital increase and Spin-off	78,046	547	1,600	(1,927)	—	—	—	220	—	220
Dividends	—	—	—	(59)	—	—	—	(59)	—	(59)
Balance at June 30, 2011	**78,050**	**547**	**1,600**	**1,219**	**787**	**1**	**7**	**4,161**	**6**	**4,167**

The accompanying notes are an integral part of these condensed consolidated financial statements.

[1] In thousands of shares

Aperam

Condensed Consolidated Statement of Cash Flows
(in millions of U.S. dollars)

	Six months ended June 30, 2011	Six months ended June 30, 2010 Combined
Operating activities:		
Net income	27	115
Adjustments to reconcile net income to net cash provided by operations and payments:		
Depreciation and impairment	147	146
Interest expense	43	55
Income tax (benefit) expense	(5)	28
Net realizable value and onerous supply contracts (*)	28	8
Unrealized gains on derivative instruments	7	(17)
Labor agreements and separation plans	32	13
Unrealized foreign exchange effects, provisions and other non-cash operating expenses (net)	7	(8)
Changes in operating assets and liabilities, net of effects from acquisitions:		
Trade accounts receivable	(225)	(213)
Inventories	(201)	(532)
Interest paid (net)	(38)	(64)
Income taxes (paid) refunded	(9)	2
Trade accounts payable	149	467
Cash paid for separation plans	(9)	(7)
Other working capital movements	(111)	(33)
Net cash used in operating activities	(158)	(40)
Investing activities:		
Purchase of property, plant and equipment	(59)	(42)
Loans under cash pooling arrangements (net)	647	(64)
Other investing activities (net)	(2)	3
Net cash provided by (used in) investing activities	586	(103)
Financing activities:		
Proceeds from short-term debt	801	18
Proceeds from long-term debt, net of debt issuance costs	491	8
Payments of short-term debt	(1,010)	(60)
Payments of long-term debt	(3)	(97)
Borrowings under cash pooling arrangements (net)	(540)	249
Dividends paid to ArcelorMittal	—	(59)
Dividends paid	(30)	—
Change in ArcelorMittal's net investment (**)	—	98
Other financing activities (net)	(2)	(2)
Net cash (used in) provided by financing activities	(293)	155
Effect of exchange rate changes on cash	11	(8)
Net increase in cash and cash equivalents	146	4
Cash and cash equivalents:		
At the beginning of the period	120	118
At the end of the period	266	122

* Refer to note 2 for more information on inventory write-downs

** Includes cash flows resulting from legal reorganizations between Aperam and ArcelorMittal. Refer to note 4 for more information on changes in ArcelorMittal's net investment.

The accompanying notes are an integral part of these condensed consolidated financial statements.

NOTE 1 – NATURE OF BUSINESS, BASIS OF PRESENTATION, ACCOUNTING POLICIES, BASIS OF CONSOLIDATION AND REVERSE ACQUISITION

Nature of business

APERAM, Société Anonyme. (the “Company” or “APERAM”) was incorporated on September 9, 2010 to own certain operating subsidiaries of ArcelorMittal S.A. (“ArcelorMittal”) which primarily comprise ArcelorMittal’s stainless steel and nickel alloys business. This business was transferred to the Company prior to the distribution of all its outstanding common shares to shareholders of ArcelorMittal on January 26, 2011.

The Company’s shares have been trading on the European stock exchanges of Amsterdam, Paris (Euronext) and Luxembourg since January 31, 2011.

Basis of presentation

The Condensed Consolidated Interim Financial Statements of APERAM as of and for the six months ended June 30, 2011 (the “Interim Financial Statements”) have been prepared in accordance with International Accounting Standard (“IAS”) No. 34, “Interim Financial Reporting”.

Prior to its ownership of ArcelorMittal’s stainless steel and nickel alloys business, the Company did not have any other operations. Consequently, in the context of the listing of the Company’s shares, combined financial statements have been prepared as of December 31, 2010 and for the year then ended in accordance with International Financial Reporting Standards as adopted in the European Union (“IFRS”).

The amounts presented as comparative figures in these Interim Financial Statements are those which were presented in the combined financial statements of the Company as of December 31, 2010 and for the year then ended and in the condensed combined financial statements as of and for the 6 months ended June 30, 2010.

Accounting policies

The Interim Financial Statements have been prepared on a historical cost basis, except for available for sale financial assets and derivative financial instruments, which are measured at fair value, and inventories which are measured at the lower of net realizable value or cost. The accounting policies used to prepare the Interim Financial Statements are similar to those described in Note 2 of the combined financial statements as of and for the year ended December 31, 2010.

The Company adopted a number of new standards, amendments to standards or interpretations effective January 1, 2011 which are described in Note 1 to the combined financial statements as of and for the year ended December 31, 2010. There were no significant effects on the Interim Financial Statements as a result of the adoption of any of the aforementioned standards or interpretations.

The preparation of financial statements in conformity with IFRS recognition and measurement principles requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on an ongoing basis using currently available information. Changes in facts and circumstances may result in revised estimates, and actual results could differ from those estimates.

Basis of consolidation

The Interim Financial Statements include the accounts of the Company, its Subsidiaries, and its respective interest in associated companies. Subsidiaries are consolidated from the date of acquisition, which is considered the date the Company obtains control until the date control ceases. Control is defined as the

power to govern the financial and operating policies of an entity, so as to obtain benefits derived from its activities. Generally, control is presumed to exist when the Company holds more than half of the voting rights.

Associated companies are those companies over which the Company has the ability to exercise significant influence on the financial and operating policy decisions, which are not Operating Subsidiaries. Generally, significant influence is presumed to exist when the Company holds more than 20% of the voting rights. In addition, jointly controlled entities are companies over whose activities the Company has joint control under a contractual agreement. The Interim Financial Statements include the Company's share of the total recognized gains and losses of associates and jointly controlled entities on an equity accounted basis from the date that significant influence commences until the date significant influence ceases, adjusted for any impairment loss. Adjustments to the carrying amount may also be necessary for changes in the Company's proportionate interest in the investee arising from changes in the investee's equity that have not been recognized in the investee's profit or loss. The Company's share of those changes is recognized directly in equity.

Other investments are classified as available for sale and are stated at fair value when their fair value can be reliably measured. When fair value cannot be measured reliably, the investments are carried at cost less impairment.

While there are certain limitations on the Company's operating and financial flexibility arising from the restrictive and financial covenants of the Company's principal credit facilities described in note 6, there are no significant restrictions resulting from borrowing agreements or regulatory requirements on the ability of consolidated subsidiaries, associates and jointly controlled entities to transfer funds to the parent in the form of cash dividends to pay commitments as they come due.

Intra-company balances and transactions, including income, expenses and dividends, are eliminated in the preparation of the Interim Financial Statements. Gains and losses resulting from intra-company transactions that are recognized in assets are also eliminated.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Company and are presented separately in the statement of operations and within equity in the consolidated statement of financial position.

Reverse acquisition

The spin-off of the stainless steel and nickel alloys business of ArcelorMittal on January 25, 2011 resulted in the transfer to the Company of the assets and liabilities pertaining to the business.

The transaction has been accounted for as a reverse acquisition. The effect of the accounting treatment, as a result of the reverse acquisition, is that even though the Interim Financial Statements are issued under the name of Aperam S.A., they represent a continuation of the stainless steel and nickel alloys business of ArcelorMittal.

(in millions of U.S. dollars unless otherwise stated except share and per share data)

NOTE 2 – INVENTORIES

Inventory, net of the allowance for slow-moving inventory, excess of cost over net realizable value and obsolescence of 174 and 140 as of June 30, 2011 and December 31, 2010, respectively, is comprised of the following:

	June 30, 2011	December 31, 2010
Finished products	799	543
Production in process	670	620
Raw materials	195	193
Manufacturing supplies, spare parts and other	131	140
Total	1,795	1,496

The amount of write-downs of inventories to net realizable value recognized as an expense was 36 and 22 during the six months ended June 30, 2011 and 2010, respectively. During the six months ended June 30, 2011 and 2010, utilization of existing write-downs due to normal inventory consumption was 14 and 32, respectively.

NOTE 3 – PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

	June 30, 2011	December 31, 2010
Amounts receivable under cash pooling arrangements with ArcelorMittal	—	646
VAT and other amount receivable from tax authorities	110	114
Income tax receivable	11	10
Other	84	56
Total	205	826

NOTE 4 – EQUITY

On September 9, 2010, the Company’s subscribed share capital was fixed in the sum of $40,000 represented by 4,000 shares without par value.

On December 6, 2010, the Company’s subscribed share capital was converted from USD into EUR (EUR 31,000). The Company’s authorized share capital, including the issued capital, was increased to EUR 450,031,000 represented by 85,854,303 shares without nominal value.

On January 25, 2011, the Extraordinary General Meeting approved the increase of the issued share capital of the Company by an amount of EUR 408,800,000 from its amount of EUR 31,000 to EUR 408,831,000 (547) and of the share premium by EUR 1,196,848,482 (1,600) and of the retained earnings by 2,189. As part of the spin-off, this increase has been partly offset by some intercompany legal restructurings of 4,116.

(in millions of U.S. dollars unless otherwise stated except share and per share data)

The Company allotted the 78,045,730 newly issued shares without par value as fully paid up to the shareholders of ArcelorMittal S.A. in proportion of their holding of ArcelorMittal S.A. shares based on the exchange ratio set out in the spin-off proposal.

Capital transactions with ArcelorMittal

Capital transactions with ArcelorMittal amounted to 33 during the six months ended June 30, 2011 and mainly included the reversal of amounts payables related to allocations of expenses from ArcelorMittal.

Capital transactions with ArcelorMittal amounted to 69 during the six months ended June 30, 2010 and mainly included a contribution by ArcelorMittal of 97 with respect to the capital increases in ArcelorMittal Stainless Tubes Europe for 73 and ArcelorMittal Stainless Precision Europe for 24.

Dividends

On January 21, 2011, the Company announced that subject to legal and regulatory requirements being met, APERAM's dividend payment of USD 0.75 per share will be applicable after the spin-off. For the six months ended June 30, 2011, dividend payments of 14 and 16 ($0.1875 per share per quarter) were made on March 30, 2011 and June 14, 2011, respectively. The full year dividend to be paid in 2011 amounts to 59.

NOTE 5 – INCOME TAX

The tax expense (benefit) for the period is based on an estimated annual effective rate, which requires management to make its best estimate of annual pretax income for the year. During the year, management regularly updates its estimates based on changes in various factors such as geographical mix of operating profit, prices, shipments, product mix, plant operating performance and cost estimates, including labor, raw materials, energy and pension and other postretirement benefits.

Income tax expense (benefit) was (5) and 28 for the six months ended June 30, 2011 and 2010, respectively. The tax benefit is a result of changes in the estimated results as some Company's operating entities experienced a decrease in profitability for the six months ended June 30, 2011 as compared to the six months ended June 30, 2010.

NOTE 6 – SHORT-TERM AND LONG-TERM DEBT

Short-term debt, including the current portion of long-term debt, consisted of the following:

	June 30, 2011	December 31, 2010
Short-term bank loans and other credit facilities	743	563
Current portion of long-term debt	36	332
Lease obligations	4	5
Total	**783**	**900**

800 secured borrowing base revolving *credit facility*

On March 16, 2011, the Company entered into a 800 secured borrowing base revolving credit facility with a group of lenders. The facility is structured as a 3-year revolving credit facility. It is used for liquidity and working capital purposes including the repayment of part of the financing provided by ArcelorMittal.

(in millions of U.S. dollars unless otherwise stated except share and per share data)

As of June 30, 2011, short-term debt mainly includes the outstanding amounts under this facility.

The Company's long-term debt consisted of the following:

	Year of maturity	Type of Interest	Interest rate[1]	June 30, 2011	December 31, 2010
Corporate					
250 unsecured bonds	2016	Fixed	7.375%	246	—
250 unsecured bonds	2018	Fixed	7.750%	245	—
Total Corporate				491	—
Americas					
900 credit facility	2018	Fixed	—	—	777
Loans in BRL Fixed/Floating	2013-2019	Fixed/Floating	4.50%-8.80%	113	133
Total Americas				113	910
Europe and Asia					
€200 million loan	2011	Floating	—	—	267
€100 million credit facility	2011	Floating	—	—	27
ArcelorMittal Treasury Loans	2012-2013	Floating	—	—	33
Loans from governmental institutions	2012-2015	Nil	—	1	6
Total Europe and Asia				1	333
Total				**605**	**1,243**
Less current portion of long-term debt				36	332
Total long-term debt (excluding lease obligations)				569	911
Lease obligations [2]				21	21
Total long-term debt, net of current portion				**590**	**932**

(1) Rates applicable to balances outstanding at June 30, 2011.
(2) Net of current portion of 4 and 5 as of June 30, 2011 and December 31, 2010 respectively.

Corporate

Unsecured Bonds

On March 30, 2011, the Company issued 500 principal amount of unsecured fixed rated bonds in two tranches, in a private placement in the international capital markets. The first tranche of 250 bears interest at 7.375% due April 1, 2016 and the second tranche of 250 bears interest at 7.75% due April 1, 2018. Interests are payable semi-annually on April 1 and October 1 of each year commencing on October 1, 2011.

The net proceeds of this offering have been used to repay part of outstanding amounts under the company's 900 bridge loan facility with ArcelorMittal.

Americas, Europe and Asia

900 credit facility, €200 million loan, €100 million credit facility and ArcelorMittal Treasury loans

On January 25, 2011, as part of the spin-off, the outstanding amounts under the following loan agreements with ArcelorMittal have been assigned to APERAM: 900 credit facility (777), €200 million loan (267), €100 million credit facility (27) and ArcelorMittal Treasury loans (33). As part of the spin-off, these facilities have been replaced by a 900 364-days bridge loan from ArcelorMittal. This 900 bridge loan with ArcelorMittal was reimbursed with the proceeds of the 500 unsecured bonds described above and 400 drawn from the 800 secured borrowing base revolving credit facility.

(in millions of U.S. dollars unless otherwise stated except share and per share data)

NOTE 7 – SEGMENT REPORTING

The Company reports its operations in three segments: Stainless & Electrical Steel, Alloys & Specialties and Services & Solutions.

The following table summarizes certain financial data relating to the Company's operations in its different segments:

	Stainless & Electrical Steel	Alloys & Specialties	Services & Solutions	Others / Eliminations*	Total
Six months ended June 30, 2011					
Sales from external customers	1,619	398	1,372	—	3,389
Intersegment sales**	1,199	6	55	(1,260)	—
Operating income	43	44	7	—	94
Depreciation and impairment	129	3	15	—	147
Capital expenditures	47	5	7	—	59
Six months ended June 30, 2010					
Sales from external customers	1,432	233	1,133	—	2,798
Intersegment sales**	828	4	52	(884)	—
Operating income	86	22	53	15	176
Depreciation	128	3	15	—	146
Capital expenditures	35	3	4	—	42

* Others / Eliminations includes all other operations than mentioned above, together with inter-segment elimination, and/or non-operational items which are not segmented.

** Transactions between segments are conducted on the same basis of accounting as transactions with third parties.

(in millions of U.S. dollars unless otherwise stated except share and per share data)

The reconciliation from operating income to net income is as follows:

	Six months ended June 30,	
	2011	**2010**
Operating income	94	176
Income from other investments	1	8
Interest income	1	4
Interest expense and other net financing costs	(74)	(45)
Income before taxes	22	143
Income tax (benefit) expense	(5)	28
Net income (including non-controlling interests)	27	115

Geographical information

Sales (by destination)

	Six months ended June 30,	
	2011	**2010**
Americas		
Brazil	681	670
United States	176	112
Others	121	100
Total Americas	978	882
Europe		
Germany	753	555
France	356	225
Italy	335	311
Belgium	89	87
Netherlands	84	78
Poland	80	58
Spain	77	71
Others	434	334
Total Europe	2,208	1,719
Asia & Africa		
South Korea	45	36
China	44	28
Others	114	133
Total Asia & Africa	203	197
Total	**3,389**	**2,798**

(in millions of U.S. dollars unless otherwise stated except share and per share data)

NOTE 8 – COMMITMENTS

The Company's commitments consist of three main categories:

- Various purchase and capital expenditure commitments,
- Pledges, guarantees and other collateral instruments given to secure financial debt and credit lines,
- Non-cancellable operating leases and other.

The total of commitments by category is as follows:

	June 30, 2011	December 31, 2010
Purchase commitments	1,433	1,376
Guarantees, pledges and other collateral	1,303	130
Operating leases	19	19
Other commitments	28	10
Total	**2,783**	**1,535**

Increase in pledges mainly relate to mortgages entered into by the Company related to its external debt financing described in note 6.

NOTE 9 – CONTINGENCIES

The Company is involved in litigation, arbitration or other legal proceedings. Most of these claims involve highly complex issues, actual damages and other matters. Often these issues are subject to substantial uncertainties and, therefore, the probability of loss and an estimation of damages are difficult to ascertain. Consequently, for a large number of these claims, the Company is unable to make a reasonable estimate of the expected financial effect that will result from ultimate resolution of the proceeding. In those cases, the Company has disclosed information with respect to the nature of the contingency. The Company has not accrued a reserve for the potential outcome of these cases.

In the cases in which quantifiable fines and penalties have been assessed, the Company has indicated the amount of such fine or penalty or the amount of provision accrued which is the estimate of the probable loss.

In a limited number of ongoing cases, the Company is able to make a reasonable estimate of the expected loss or range of possible loss and has accrued a provision for such loss, but management believes that publication of this information on a case-by-case basis would seriously prejudice the Company's position in the ongoing legal proceedings or in any related settlement discussions. Accordingly, in these cases, the Company has disclosed information with respect to the nature of the contingency, but has not disclosed its estimate of the range of potential loss.

These assessments can involve a series of complex judgments about future events and can rely heavily on estimates and assumptions. The Company's assessments are based on estimates and assumptions that have been deemed reasonable by management. Management believes that the aggregate provisions recorded for these matters are adequate based upon currently available information. However, given the inherent uncertainties related to these cases and in estimating contingent liabilities, the Company could, in the future, incur judgments that have a material adverse effect on its results of operations in any particular period.

In addition, in the normal course of business, the Company and its operating subsidiaries may be subject to audits by the tax authorities in the countries in which they operate. Those audits could result in additional tax liabilities and payments, including penalties for late payment and interest.

Tax Claims

- On December 2, 2010, Aperam South America, the renamed successor of ArcelorMittal Inox Brasil received a tax assessment in the total amount of 47. The tax authority claims that the Company should have paid VAT (ICMS) related to the distribution of electric power in the period of 2005 to 2009. Aperam South America believes that this charge should not prevail since the distribution of electric power should not be considered as a good or transportation and therefore it should not be subject to VAT (ICMS). On May 5, 2011, the case was judged and the Company received a partial favorable decision. Minas Gerais State Revenue Service concluded that the Company has to pay VAT (ICMS), but it stated that the penalty applied and interest calculations were wrong. The Company is analyzing if it can present any appeal still in the administrative instance or if it will discuss the payment of VAT (ICMS) for the use of electric power distribution system in a judicial instance.

- On December 5, 2007, the Brazilian Federal Revenue Service challenged IPI (Tax on Industrialized Products (similar to Federal VAT)) tax credits registered by Aperam South America from January 2003 to December 2006 related to the acquisition of certain materials. The claim alleges that the products acquired are either not related to the final product or not integrally consumed during operations. The amount in dispute is approximately 7. In December 2010, there was a partial favorable decision and the Company filed in February 2011, an appeal regarding the part that was not favorable. The total amount was reduced due to the partial success in first administrative instance. The Company is still waiting for a decision in the second administrative level.

- On March 29, 2011 Aperam South America received a tax assessment related to drawback tax benefit. Federal Revenue states that the Company did not respect the conditions to use the benefit and demand to pay taxes related to importation and fees. The total amount claimed is 10. The Company presented its appeal in the first administrative instance and is waiting for a decision.

- On May 26, 2011 Aperam South America received a tax assessment from the Brazilian Federal Revenue Service in the amount of 21 related to sales by Aperam South America to Acesita Imports and Exports (Madeira Island). The tax authorities require that the profits of Acesita Imports and Exports be added to Aperam South America's tax basis. Aperam South America filed its defense on June 24, 2011.

- On May 30, 2011. Aperam Stainless Services & Solutions Brasil has received a tax assessment from Brazilian Federal Revenue Service in the total amount of 3 regarding Income Tax and Contribution on Profits. Brazilian Federal Revenue Service states that Aperam Stainless Services & Solutions Brasil paid less tax than due, because the Company supposedly made incorrect reductions on the tax basis (especially amortization of goodwill). The Company filed its defense on June 29, 2011.

Labor Disputes

- On October 20, 2005, a class action lawsuit was filed by 315 employees against Aperam Stainless France, the renamed successor of ArcelorMittal Stainless France contesting the calculation of their annual paid vacation leave and seniority bonuses. The Court of Appeals in Lyon found in favor of the employees in the amount of approximately 3 and the Company appealed to the highest court of appeals in France (the *Cour de Cassation*) that returned negative decision on March 16, 2011.

NOTE 10 – SUBSEQUENT EVENTS

There were no subsequent events after June 30, 2011.

Auditor's Review Report on Condensed Consolidated Financial Statements

To the Shareholders of
Aperam, Société Anonyme (« Aperam »)
12C, Rue Guillaume Kroll
L-1882 Luxembourg

REVIEW REPORT ON INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Aperam as of June 30, 2011 and the related condensed consolidated statement of operations, comprehensive income, changes in equity and cash flows for the six month period then ended and the other explanatory notes, (collectively, the "interim financial statements") . The Board of Directors is responsible for the preparation and fair presentation of the interim financial statements in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as adopted in the European Union. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor* as adopted by the Institut des Réviseurs d'Entreprises. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as adopted in the European Union.

For Deloitte S.A., *Cabinet de révision agréé*

John Psaila, *Réviseur d'entreprises agréé*
Partner

August 10, 2011
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