Interim Financial Report

Half Year ended June 30, 2012

made for life

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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 steel from low cost biomass (charcoal). Its industrial network is concentrated in 6 main plants located in Belgium, Brazil and France.

At the end of June 2012, Aperam had approximately 10,200 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 2011, Aperam had sales of $6.3 billion and shipments of 1.75 million tonnes. For the six months ending June 30, 2012, Aperam had sales of $2.8 billion and shipments of 0.87 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 steel 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,

I am honored to present the 2012 Aperam half year report which reflects our performance from January to June 2012, and the key milestones over the period.

I would like to encourage all our employees to continue focusing on Health and Safety as our top priority. We aspire to have zero accidents and to be a sustainable Company in all respects. Not only are our products fully recyclable, but we are also taking actions to go further in ensuring that our activities create lasting benefits for all our stakeholders.

Before turning to our half year performance, let me remind you that since Aperam's creation in early 2011, we have been building on the Group's core values of Leadership, Ingenuity and Agility, creating our own financing structure and pursuing the implementation of our Leadership Journey®, our profitability enhancement program of $350 million to be reached by 2013.

Our first year of existence has been marked by difficult market conditions, especially towards year end, and we finished the year 2011 with sales at $6.3 billion, EBITDA at $356 million and net financial debt at $878 million. Albeit a challenging year, we finished the year 2011 with lower debt levels compared to peers and $176 million of management gains and profit enhancement thanks to the Leadership Journey®.

At the beginning of the year 2012, we started to see signs of a rebound in the stainless business but the recovery was only short lived due to falling nickel prices and general economic uncertainty. As a consequence we finished the first six months of the year 2012 with sales at $2.8 billion and EBITDA at $129 million. Despite continuous difficult market conditions, Aperam has been able to maintain its net financial debt at $882 million and further progress on its Leadership Journey® by reaching $231 million of management gains at the end of June 2012. These achievements in a highly volatile environment demonstrate that Aperam is a leading player of its industry in terms of cost effectiveness and sound balance sheet structure.

During the first half of 2012, we have also announced appointments to our Management Committee. I am convinced that these appointments are the right evolution to focus operations on transforming Aperam into a market driven organization, reaching our Leadership Journey's objectives while serving our customers better.

All of these developments provide further confidence for the future of the stainless steel business, in general, and for Aperam, in particular. I am convinced that, under the leadership of our Board of Directors, Aperam is taking the correct decisions to meet the expectations of its shareholders and customers in a challenging environment.

Philippe Darmayan
Chief Executive Officer

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 annual report for the year 2011 and the condensed consolidated financial statements for the six months ended June 30, 2012 included in this report.

Key factors affecting results of operations

The following major factors could cause actual results to differ materially from those discussed in the forward-looking statements included throughout this interim financial report.

- global economic cycle downturn, geopolitical risks, overcapacity in the stainless steel industry and/or China slowdown;
- the risk of nickel price decrease and raw material price uncertainty;
- fluctuations in currency exchange rates;
- the risk that developments in the competitive environment in the steel industry could have an adverse effect on Aperam's competitive position;
- the risk of disruptions to Aperam's manufacturing operations or damage to Aperam's production facilities due to natural disasters or other events;
- litigation risks;
- customer risks with respect to default and credit insurance companies refusing to ensure the risks;
- the risks of lack of competitiveness of the workforce costs and retention;
- the risk that changes in the macroeconomic environment result in the recognition of impairment against the goodwill carried on the balance sheet;
- the environmental and health and safety risks; and
- energy risks.

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 Prices" below.

After a sustained recovery during the first half of 2011, demand for stainless steel flat products decreased in the second half of 2011 mainly due to lower nickel prices and an uncertain economic environment, especially given the EU sovereign debt crisis further inducing cautious buying. As a result, management estimates that 2011 demand was only 3% higher than in 2010. In the first half of 2012, demand increased by 4.3% compared to the first half of 2011, driven by a continued Chinese demand growth but also by demand recovery in North America, Europe and CIS (Commonwealth of Independent States).

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 88% in 2006 to 62% in 2009. In 2010 and 2011, utilization rates recovered and reached approximately 70%, based on management estimates.

Competition

Based on management estimates, Asian imports have accounted for between 12 and 18% of the European market in recent years, including during the first six months of 2012. 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 2012. Nickel alloys are a niche market in which Aperam's main competitors are ThyssenKrupp VDM, Carpenter Technologies, Special Metals, Hitachi and Haynes.

On January 31, 2012, ThyssenKrupp and Outokumpu confirmed that an agreement in principle had been reached about the combination of Outokumpu and Inoxum to create the world's largest stainless steel company. The closing of the transaction is expected by the end of 2012.

Major anti-dumping developments in Brazil

On March 9, 2012, Brazil's Trade Defense Department ("Decom") opened an anti-dumping investigation against imported welded austenitic stainless pipes from China and Taiwan. On April 12, 2012, the Decom officially launched an anti-dumping investigation on flat stainless steel products (austenitic stainless steel grade 304 and ferritic stainless steel grade 430). The imports from China, South Africa, Germany, South Korea, the United States, Finland, Taiwan and Vietnam will be investigated. On April 19, 2012, the Decom officially launched an anti-dumping investigation on flat non-grain oriented products. Imports from South Korea, China and Taiwan will be investigated. The outcome from these anti-dumping initiatives is expected beginning after 2012.

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 (“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.

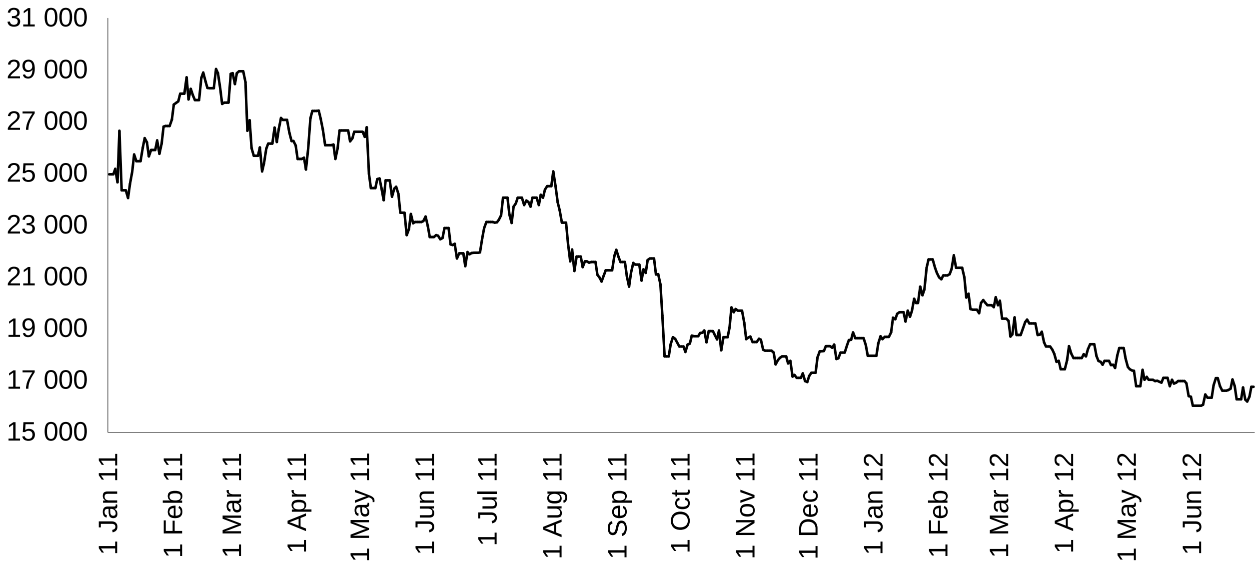
Notwithstanding the application of the “alloy surcharge”, Aperam is still affected by changes in raw material prices, in particular nickel. In general, when the price of nickel is falling, purchasers of stainless steel products delay their orders to benefit from an expected decline in prices, which has 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 approximately $29,000 per tonne in early March 2011, before falling to approximately $18,000 per tonne by year end. In the first half of 2012, nickel prices increased up to approximately $22,000 per tonne in early February, before decreasing to approximately $17,000 per tonne at the end of June 2012.

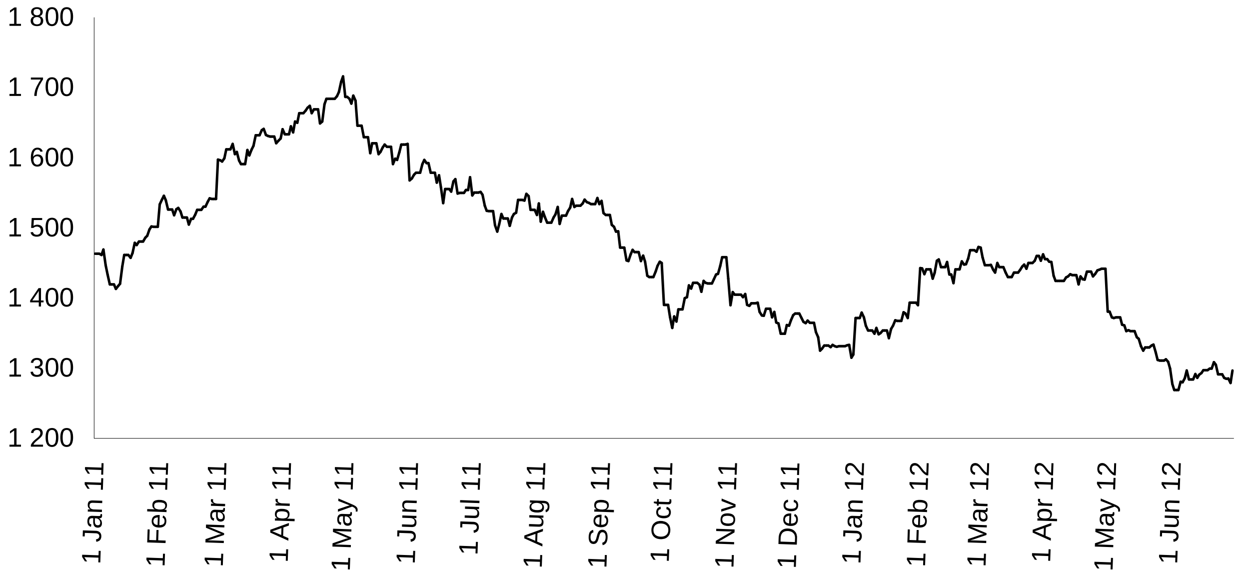
The charts below show the price of nickel on the LME and the European base price for CR304 stainless steel for the period from January 1, 2011 to June 30, 2012:

Nickel - LME ($/tonne)



Stainless Steel/CR304 2B 2mm

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



Following a rise in base prices to about $1,710 per tonne until the end of April 2011, base prices decreased by approximately 20% from the April 2011 peak down to approximately $1,350 per tonne at year end 2011, driven by lower nickel prices and pressure on demand. In the first half of 2012, base prices increased to approximately $1,460 per tonne at the end of March 2012 before decreasing to approximately $1,300 per tonne at the end of June 2012. The stainless market rebound in early 2012 was short lived due the falling nickel prices and the general economic uncertainty.

Current and anticipated trends in stainless steel demand and prices

Global flat stainless steel demand is expected to increase by about 5% per year on average over the period 2011 to 2017 with 1% in Europe and 3% in South America. Stainless steel base prices are expected to remain under pressure as a consequence of the current structural overcapacity.

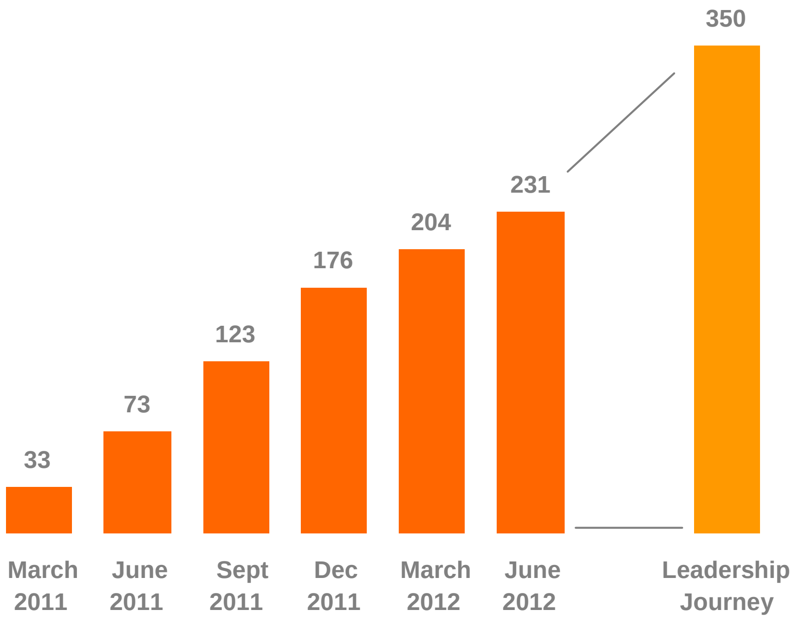
Raw materials and energy

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 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.

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®" was accelerated and increased by an additional $100 million at the end of 2011 in response to the economic uncertainty and in a continuing effort to improve the Company's cost competitiveness and profitability. The new combined target is $350 million of management gains and profit enhancement by 2013.

Cumulated gains and 2013 target ($ million)



At the end of June 2012, the EBITDA impact since the beginning of 2011 was $231 million. The key projects progressing in the first half of 2012 were the new induction furnace and electro slag remelting furnace at Imphy (France – Alloys & Specialities) and the service center expansion in Campinas (Brazil – Services & Solutions).

Impact of exchange rate movements

After recovering in 2010 against most currencies in the jurisdictions where Aperam operates (mainly Euro and Brazilian real) the U.S. dollar depreciated significantly to reach a record low in the second quarter of 2011 but strengthened significantly in the second half of the year. Throughout the first half of 2012, the U.S. dollar appreciated against the Euro and although there was a depreciation of the U.S. dollar against the Brazilian real in the first quarter of 2012, the U.S. dollar appreciated significantly against the Brazilian real in the second quarter of 2012.

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 result. Management's analysis of liquidity and capital resources is driven by operating cash flows.

Six months ended June 30, 2012 as compared to six months ended June 30, 2011

Sales, Steel Shipments and Average Steel Selling Prices

Aperam's sales were $2.8 billion for the six months ended June 30, 2012, down from $3.4 billion for the six months ended June 30, 2011, primarily due to a decrease in average steel selling prices compared to a year earlier.

Aperam's shipments decreased by 2.8% to 866 thousand tonnes for the six months ended June 30, 2012 compared to 891 thousand tonnes for the six months ended June 30, 2011. Average steel selling prices decreased by 16% for the six months ended June 30, 2012 as compared to the six months ended June 30, 2011. Average steel selling prices were lower in the three reportable segments.

The following table provides a summary of sales at Aperam by reportable segment for the six months ended June 30, 2012 as compared to the six months ended June 30, 2011:

	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	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**Sales**	**Steel Shipments**	**Average Steel Selling Price**
	(in millions of U.S. dollars)		*(in thousands of tonnes)*		*(in U.S. dollars/tonne)*		(%)		
Stainless & Electrical Steel[3]...	2,230	2,818	841	889	2,553	3,109	(20.9)	(5.4)	(17.9)
Services & Solutions..............	1,143	1,427	338	349	3,229	3,907	(19.9)	(3.2)	(17.4)
Alloys & Specialties............	350	404	20	21	17,124	18,476	(13.4)	(4.8)	(7.3)

Notes:

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

(2) Stainless & Electrical Steel shipment amounts are shown prior to intersegment shipments of 333 thousand tonnes and 368 thousand tonnes in the six months ended June 30, 2012 and 2011, 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 decreased by 20.9% to $2,230 million for the six months ended June 30, 2012, from $2,818 million for the six months ended June 30, 2011, primarily due to a 17.9% decrease in average steel prices and a 5.4% decrease in steel shipments.

Total steel shipments in the Stainless & Electrical Steel segment decreased by 5.4% from 889 thousand tonnes for the six months ended June 30, 2011, to 841 thousand tonnes for the six months ended June 30, 2012.

The average steel selling price in the Stainless & Electrical Steel segment decreased by 17.9% to $2,553 per tonne for the six months ended June 30, 2012 as compared with $3,109 per tonne for the six months ended June 30, 2011.

Services & Solutions

Sales in the Services & Solutions segment decreased by 19.9% to $1,143 million for the six months ended June 30, 2012, from $1,427 million for the six months ended June 30, 2011, primarily due to a 17.4% decrease in average steel prices and a 3.2% decrease in steel shipments.

Total steel shipments in the Services & Solutions segment decreased by 3.2% to 338 thousand tonnes for the six months ended June 30, 2012, from 349 thousand tonnes for the six months ended June 30, 2011.

Average steel selling price in the Services & Solutions segment decreased by 17.4% to $3,229 per tonne for the six months ended June 30, 2012 as compared with $3,907 per tonne for the six months ended June 30, 2011.

Alloys & Specialties

Sales in the Alloys & Specialties segment decreased by 13.4% to $350 million for the six months ended June 30, 2012, from $404 million for the six months ended June 30, 2011, primarily due to a 4.8% decrease in steel shipments and a 7.3% decrease in average steel prices.

Total steel shipments in the Alloys & Specialties segment decreased by 4.8% to 20 thousand tonnes for the six months ended June 30, 2012, from 21 thousand tonnes for the six months ended June 30, 2011.

Average steel selling price in the Alloys & Specialties segment decreased by 7.3% to $17,124 per tonne for the six months ended June 30, 2012 as compared with $18,476 per tonne for the six months ended June 30, 2011.

Operating (Loss) Income

Aperam's operating loss for the six months ended June 30, 2012 amounted to $32 million, compared to an operating income of $94 million for the six months ended June 30, 2011.

The following table summarizes the operating (loss) income and the operating margin of the three reportable segment for the six months ended June 30, 2012 as compared with the six months ended June 30, 2011:

	Operating (Loss) Income [(1)] Six Months Ended June 30,		**Operating Margin Six Months Ended June 30,**	
Reportable Segment	**2012**	**2011**	**2012**	**2011**
	(in millions of U.S. dollars)		*(%)*	
Stainless & Electrical Steel...................	(65)	43	(2.9)	1.5
Services & Solutions	1	7	0.1	0.5
Alloys & Specialties	24	44	6.9	10.9

Note:

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

Stainless & Electrical Steel

The operating loss for the Stainless & Electrical Steel segment for the six months ended June 30, 2012 was $65 million, as compared with an operating income of $43 million for the six months ended June 30, 2011. Although nickel prices rose for the first few weeks of 2012, they have consistently fallen for the remainder of the first half of the year and been lower relative to the first half of 2011 resulting in lower transaction and base prices. The results for the six months ended June 30, 2011 for the Stainless & Electrical Steel segment included charges of $36 million relating to the implementation of the Leadership Journey® ($24 million in Europe and $12 million in South America).

Services & Solutions

Operating income for the Services & Solutions segment for the six months ended June 30, 2012 was $1 million, as compared with an operating income of $7 million for the six months ended June 30, 2011. Lower volumes in the first half of 2012 compared to the first half of 2011 negatively impacted results in the Services & Solutions segment. Additionally, the operating income for the six months ended June 30, 2012 was impacted by the negative stock effect as a result of the nickel price decline.

Alloys & Specialties

Operating income for the Alloys & Specialties segment for the six months ended June 30, 2012 was $24 million, as compared with an operating income of $44 million for the six months ended June 30, 2011. In addition to lower volumes in the first half of 2012 relative to the first half of 2011, average selling prices in the six months ended June 30, 2012 were lower than during the first half of the previous year.

Income from Other Investments

The Company recorded income of $1 million from other investments for the six months ended June 30, 2012, compared to $1 million for the six months ended June 30, 2011. The income from other investments for the six months ended June 30, 2012 and for the six months ended June 30, 2011 is attributable to dividends received from a minority stake held by the Company in a Brazilian steelmaker.

Interest Income

Interest income of $1 million for the six months ended June 30, 2012 is stable compared to $1 million for the six months ended June 30, 2011.

Interest Expense and Other Net Financing Costs

Interest expense and other net financing costs include interest expense, net realized foreign exchange result and other financing costs. Interest expense and other net financing costs decreased to $34 million for the six months ended June 30, 2012 compared to $74 million for the six months ended June 2011 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. Included in the interest expense and other net financing costs of $34 million for the six months ended June 30, 2012 are financing costs of $33 million.

Unrealized Foreign Exchange and Derivative Losses/Gains

Unrealized results on foreign exchange and derivative instruments were a loss of $8 million for the six months ended June 30, 2012 compared to nil for the six months ended June 30, 2011. The Company had unrealized losses on foreign exchange of $5 million for the six months ended June 30, 2012 compared to unrealized gains of $7 million for the six months ended June 30, 2011. The Company also had unrealized losses on derivatives instruments of $3 million for the six months ended June 30, 2012, compared to unrealized losses of $7 million for the six months ended June 30, 2011. These unrealized losses 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.

Income Tax

The Company recorded an income tax benefit of $33 million for the six months ended June 30, 2012, compared to an income tax benefit of $5 million for the six months ended June 30, 2011. 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, 2012 as compared to the six months ended June 30, 2011.

Net (Loss) Income Attributable to Equity Holders of the Parent

The Company's net loss attributable to equity holders of the parent was $39 million for the six months ended June 30, 2012, compared to net income of $27 million for the six months ended June 30, 2011, 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 $235 million as of June 30, 2012 compared to cash and cash equivalents of $247 as of December 31, 2011. Additionally, the Company had committed credit lines with banks of $335 million under its senior credit facility.

Total debt, which includes long-term debt and short-term debt was $1,117 million as of June 30, 2012 and total debt was $1,125 as of December 31, 2011. Net debt (defined as long-term and short-term debt less cash and cash equivalents) was $882 million as of June 30, 2012, compared to $878 million at December 31, 2011. Gearing (defined as net debt divided by total equity) was 28% as of June 30, 2012 compared to 25% as of December 31, 2011.

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, which holds Aperam's assets in Brazil, and Aperam 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 repay $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 of the Company. The borrowing base facility may be repaid and redrawn from time to time until its final maturity in March 2014. 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 euro) 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 arrears.

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 & 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 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 June 30, 2012, these financial covenants were fully met.

On March 28, 2011, Aperam issued two series of U.S. 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.

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 with financial institutions, referred to as its true sale of receivables ("TSR") program. 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. The program was subsequently split into two programs under similar terms and conditions to the existing program as of the end of June 2012 and the maximum combined amount of the programs that could be utilized as of the end of June 2012 was 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.

Equity

Equity (excluding non-controlling interests) decreased to $3.2 billion at June 30, 2012, compared to $3.4 billion at December 31, 2011.

Sources and Uses of Cash

	Summary of Cash Flows Six months ended June 30,	
	2012	**2011**
	(in millions of U.S. dollars)	
Net cash provided by (used in) operating activities	107	(158)
Net cash (used in) provided by investing activities	(87)	586
Net cash used in financing activities	(31)	(293)

Net cash Provided by (Used in) Operating Activities

Net cash provided by operating activities is of $107 million for the six months ended June 30, 2012, compared to net cash used in operating activities of $158 million for the six months ended June 30, 2011. The increase was due to decreased 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, 2012 decreased by $39 million as inventories increased by $186 million, accounts receivable increased by $21 million and accounts payable increased by $246 million, as compared to a $277 million increase in working capital a year earlier.

Net cash (Used in) Provided by Investing Activities

Net cash used in investing activities amounted to $87 million for the six months ended June 30, 2012, compared to net cash provided by investing activities of $586 million for the six months ended June 30, 2011. The net cash used in investing activities for the six months ended June 30, 2012, was mainly related to capital expenditure. Capital expenditure was $83 million for the six months ended June 30, 2012, compared to $59 million for the six months ended June 30, 2011.

Net Cash Used in Financing Activities

Net cash used in financing activities amounted to $31 million for the six months ended June 30, 2012, compared to net cash used in financing activities of $293 million for the six months ended June 30, 2011. The decrease of net cash used in financing activities was primarily due to the transfer to Aperam during the six months ended June 30, 2011 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

Aperam's Board of Directors recommended to shareholders to keep the level of the annual gross dividend for 2012 at $0.75 per share, resulting in quarterly dividend payments of $0.1875. The dividend policy was approved by the Annual General Meeting of shareholders on May 8, 2012. Quarterly dividend payments took place on March 13, 2012 and June 14, 2012, and for the remainder of 2012 are scheduled to take place on September 10, 2012 and December 10, 2012.

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 six months ended June 30, 2012 amounted to $9 million, compared to $11 million for the six months ended June 30, 2011.

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.

The outlook for the third quarter of 2012 is as follows:

- EBITDA in the third quarter of 2012 is expected to be lower compared to EBITDA in the second quarter of 2012, due to the traditional seasonal slowdown and current market weakness; and

- Net debt is expected to remain under control.

Recent Developments

- On January 23, 2012, Aperam joined the United Nations Global Compact, the world's largest corporate responsibility initiative with over 8,000 business and non-business participants in 135 countries.

- On March 26, 2012, Aperam announced the publication of its Annual Report and Financial Report 2011. The reports are available on www.aperam.com under "Investors & shareholders" > "Aperam Financial Reports".

- On May 8, 2012, the Annual and Extraordinary General Meetings of Shareholders of Aperam in Luxembourg approved all resolutions on the agenda by a large majority. 51,315,167 shares, or 65.75% of the Company's share capital, were present or represented at the meetings. In particular, the shareholders approved the consolidated financial statements as of and for the calendar year ended December 31, 2011. In addition, the shareholders approved the proposed amendments to the Articles of Association of the Company to reflect recent changes in Luxembourg law.

- On May 22, 2012, Aperam announced that The International Stainless Steel Forum ("ISSF") has granted its 2012 Sustainability Award to Aperam for SolarStyl®, its pioneering solar panel technology. The ISSF praised Aperam's SolarStyl® system as "promoting the use of photovoltaic energy and contributing to the development of renewable energy". SolarStyl® is a building integrated photovoltaic ("BIPV") system using stainless steel products for BIPV installations which decreases the cost of photovoltaic modules systems and increases their performance.

- On May 30, 2012, Aperam announced new appointments to its Management Committee (see "Corporate Governance Section" of this interim financial report).

- On June 22, 2012, Standard & Poor's Ratings Services lowered its long-term corporate credit rating on Aperam to 'BB-' from 'BB'. The outlook is negative. Standard & Poor's also lowered the ratings on the $500 million senior notes due 2016 and 2018 issued by Aperam to 'BB-'.

- On July 10, 2012, Aperam published its first Sustainability Report. The report outlines the Company's approach to sustainability, its record and policies in areas such as safety, people, communities, environment, and the contribution of the Company's products to society. Aperam's first Sustainability Report can be read online at www.aperam.com/sustainability.

Recent Developments in Legal Proceedings

Tax Claims

- On December 16, 2011, Aperam Stainless Services and Solution Brasil has been assessed by the tax authorities aiming at collecting $35 million (including interests on late payment and penalties) related to value added tax (“ICMS”). Tax authorities claimed that the Company has not collected to the State of Sao Paulo the ICMS imposed on importation of products performed by a trading company located in the state of Espirito Santo and disregarded the ICMS credit recognized by the Company at the time of acquisition of the goods from the trading company. On April 24, 2012, the Company received an unfavorable decision from the first administrative court. The Company presented its appeal in May 2012 in the second administrative instance and is waiting for a decision.

- On March 1, 2012, Aperam South America received two tax assessments regarding contributions related to importation of services (“PIS” and “COFINS”) for an amount of $9 million. Federal Revenue Service considered that the Company should have paid these contributions on the payment it made for certain services (international carriage of goods, commercial representation, insurance and consultancy) provided between 2007 and 2008 by external services providers. The Company presented its defense in the first administrative instance and is waiting for a decision.

- On June 26, 2007, after a final unfavorable decision at the first administrative level, Aperam South America brought an annulment action at judicial level to void a tax assessment issued by the Federal Revenue Service due to alleged underpayment of payroll taxes between 1998 and 2002 related to certain payment made to its employees under collective agreements. On June 20, 2012 the first administrative court gave a favorable decision to the Company but the Federal Revenue Service presented on appeal. The Company is waiting for the decision of the court of appeal. The amount under dispute is approximately $8 million.

- On May 26, 2011 Aperam South America received a tax assessment from the Federal Revenue Service for an amount of $18 million related to sales by Aperam South America to Acesita Imports and Exports (Madeira Island). The tax authorities required that the profits of Acesita Imports and Exports be added to Aperam South America’s tax basis. On July 4, 2012, the Company obtained a favorable decision from the second administrative instance.

Labor Disputes

- In July 2011, the Union claimed against Aperam South America to get the payment of 7 minutes and 30 seconds as overtime, disregarding the 50% regular work hour paid by the Company as nightshift premium (“NSP”) in strict compliance with collective agreement. The amount claimed was $10 million. Despite amicable discussions between the Company and the Union, the later maintained its claim which was brought to the court. The first instance decision was favorable to the Company. In April 2012, a final settlement was concluded between the Company and the Union and the claim was removed. The same settlement was reached for an additional claim brought by the Union on March 2011 for the payment of NSP from working hours between 11 pm to 7 am for an amount of $5 million.

Corporate Governance

We refer you to the "Corporate Governance" section of our Annual Report 2011 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, 2011 and June 30, 2012.

Annual and Extraordinary General Meetings of Shareholders

Long-term Incentives: Restricted Share Unit Plan and Performance Share Unit Plan

On May 8, 2012, the Annual General Meeting of Shareholders authorized the Board of Directors to issue Restricted Stock Units ("RSU Plan") and Performance Share Units ("PSU Plan") to key employees of Aperam to enhance the long-term performance of the Company and to retain key employees. On that basis, the Company can issue up to 70,000 RSUs corresponding to up to 70,000 of Aperam shares under the RSU Plan and up to 20,000 PSUs corresponding to up to 40,000 of the Company's shares under the PSU Plan. In each case, these shares can be newly issued shares or treasury shares. The Board of Directors may consider appropriate rules to implement these RSU and PSU Plans, including specific performance targets per business unit.

Articles of Association

On May 8, 2012 the Extraordinary General Meeting of Shareholders approved amendments to the Articles of Association of the Company to reflect recent changes in Luxembourg law and enable additional flexibility in setting the date and time of the Annual General Meeting of shareholders.

In particular shareholders approved the amendments of Articles 6 (Shares), 7 (Rights and obligations of shareholders), 13 (Shareholders' meetings – General) and 14 (Annual general meetings of shareholders) to take into account the recent changes in Luxembourg law: the European Shareholders' Rights Directive 2007/36/EC transposed into Luxembourg law by a law dated May 24, 2011, and the law of January 11, 2008 on transparency obligations relating to issuers whose securities are admitted to trading on a regulated market. The principal changes concern the introduction of the "record date" system and the removal of the share blocking requirements five days ahead of the general meeting.

Shareholders also approved the amendment of article 14.1 of the Articles of Association to allow the Board of Directors a degree of flexibility in setting the date of the Annual General Meeting during the second or third week of May each year at any time between 9.00 a.m. and 4.00 p.m. Central European Time, thus providing some flexibility with regard to the Annual General Meeting date and time.

A copy of the amended and restated Articles of Association of Aperam is available at www.aperam.com, under "Investors & shareholders - Corporate Governance - Articles of Association".

Management Committee

On May 30, 2012 the Company announced new appointments to its Management Committee. Reporting to the CEO, Mr. Timoteo Di Maulo was appointed as Chief Commercial and Sourcing Officer and remains member of the Management Committee. Ms. Vanisha Mittal Bhatia was appointed to Aperam's Management Committee, in charge of the Group's strategy, a responsibility she holds since April 2011. Following these nominations, Aperam's Management Committee members with updated responsibilities are set forth below.

Name	Function
Mr. Philippe Darmayan	Chief Executive Officer; Member of the Management Committee
Mr. Julien Burdeau	Member of the Management Committee; Responsible for Alloys & Specialties
Mr. Timoteo Di Maulo	Member of the Management Committee; Chief Commercial and Sourcing Officer
Mr. Clênio Guimarães	Member of the Management Committee; Chief Operating Officer Stainless & Electrical Steel South America
Mr. Julien Onillon	Chief Financial Officer; Member of the Management Committee
Ms. Vanisha Mittal Bhatia	Member of the Management Committee; Responsible for Strategy
Mr. Jean-Paul Rouffiac	Member of the Management Committee; Chief Operating Officer Stainless & Electrical Steel Europe
Ms. Johanna Van Sevenant	Member of the Management Committee; Responsible for Sustainability, Human Resources and Communications

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.

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 2012, 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 2012 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. Philippe Darmayan
July 30, 2012

Chief Financial Officer
Mr. Julien Onillon
July 30, 2012

Aperam

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

	June 30, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	235	247
Trade accounts receivable	394	391
Inventories (note 2)	1,383	1,262
Prepaid expenses and other current assets (note 3)	127	145
Total current assets	**2,139**	**2,045**
Non-current assets:		
Goodwill and intangible assets	850	904
Biological assets	138	145
Property, plant and equipment	2,481	2,659
Investments in associates	2	2
Other investments	112	98
Deferred tax assets	264	249
Other assets	89	99
Total non-current assets	**3,936**	**4,156**
Total assets	**6,075**	**6,201**

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, 2012	December 31, 2011
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt and current portion of long-term debt (note 6)	539	538
Trade accounts payable	1,049	846
Short-term provisions	35	41
Accrued expenses and other liabilities	299	309
Income tax liabilities	6	4
Total current liabilities	**1,928**	**1,738**
Non-current liabilities:		
Long-term debt, net of current portion (note 6)	578	587
Deferred tax liabilities	141	173
Deferred employee benefits	168	174
Long-term provisions	78	80
Other long-term obligations	6	6
Total non-current liabilities	**971**	**1,020**
Total liabilities	**2,899**	**2,758**
Equity (note 4):		
Common shares (no par value, 85,854,303 and 85,854,303 shares authorized, 78,049,730, and 78,049,730 shares issued and outstanding at June 30, 2012 and December 31, 2011, respectively)	547	547
Additional paid-in capital	1,600	1,600
Retained earnings	1,036	1,133
Foreign currency translation adjustments	(4)	176
Unrealized loss on available-for-sale securities	(3)	(15)
Unrealized loss on derivative financial instruments	(6)	(4)
Equity attributable to the equity holders of the parent	3,170	3,437
Non-controlling interests	6	6
Total equity	**3,176**	**3,443**
Total liabilities and equity	**6,075**	**6,201**

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,	
	2012	**2011**
Sales (including 83 and 104 of sales to related parties for 2012 and 2011, respectively)	2,760	3,389
Cost of sales (including depreciation and impairment of 161 and 147 and purchases from related parties of 78 and 224 for 2012 and 2011, respectively)	2,668	3,152
Gross margin	92	237
Selling, general and administrative	124	143
Operating (loss) income	(32)	94
Income from other investments	1	1
Interest income	1	1
Interest expense and other net financing costs	(42)	(74)
(Loss) income before taxes	(72)	22
Income tax benefit (note 5)	33	5
Net (loss) income	**(39)**	**27**
Net (loss) income attributable to:		
Equity holders of the parent	(39)	27
Earnings per common share (in U.S. dollars):		
Basic common shares	(0.50)	0.34
Diluted common shares	(0.50)	0.34
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, 2012		Six months ended June 30, 2011	
Net (loss) income		**(39)**		**27**
Available-for-sale investments:				
Gain (loss) arising during the period, net of tax (expense) benefit of (6) and 12 for 2012 and 2011, respectively	12		(37)	
Cash flow hedges:				
(Loss) gain arising during the period, net of tax benefit (expense) of 2 and nil for 2012 and 2011, respectively	(5)		—	
Reclassification adjustments for loss (gain) included in the statement of operations, net of tax (benefit) expense of (1) and 2 for 2012 and 2011, respectively	3		(4)	
	(2)		(4)	
Exchange differences arising on translation of foreign operations, net of tax benefit (expense) of 21 and (19) for 2012 and 2011, respectively	(180)		329	
Share of other comprehensive income related to associates	—		2	
Total other comprehensive (loss) income	**(170)**		**290**	
Total other comprehensive (loss) income attributable to:				
Equity holders of the parent	(170)		289	
Non-controlling interests	—		1	
		(170)		290
Net comprehensive (loss) income		**(209)**		**317**
Net comprehensive (loss) income attributable to:				
Equity holders of the parent		(209)		316
Non-controlling interests		—		1
Net comprehensive (loss) income		**(209)**		**317**

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, 2010 (combined)	**4**	**—**	**—**	**3,143**	**457**	**5**	**44**	**3,649**	**5**	**3,654**
Net income	—	—	—	27	—	—	—	27	—	27
Other comprehensive income (loss)	—	—	—	—	330	(4)	(37)	289	1	290
Total comprehensive income (loss)	—	—	—	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**
Balance at December 31, 2011	**78,050**	**547**	**1,600**	**1,133**	**176**	**(4)**	**(15)**	**3,437**	**6**	**3,443**
Net loss	—	—	—	(39)	—	—	—	(39)	—	(39)
Other comprehensive (loss) income	—	—	—	—	(180)	(2)	12	(170)	—	(170)
Total comprehensive (loss) income	—	—	—	(39)	(180)	(2)	12	(209)	—	(209)
Recognition of share based payments	—	—	—	1	—	—	—	1	—	1
Dividends	—	—	—	(59)	—	—	—	(59)	—	(59)
Balance at June 30, 2012	**78,050**	**547**	**1,600**	**1,036**	**(4)**	**(6)**	**(3)**	**3,170**	**6**	**3,176**

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,	
	2012	2011
Operating activities:		
Net (loss) income	(39)	27
Adjustments to reconcile net (loss) income to net cash provided by operations and payments:		
Depreciation	148	146
Impairment[1]	13	1
Interest expense	33	43
Income tax benefit	(33)	(5)
Write-downs of inventories to net realizable value [2]	11	28
Unrealized losses on derivative instruments	3	7
Labor agreements and separation plans	3	32
Unrealized foreign exchange effects, provisions and other non-cash operating expenses (net)	16	7
Changes in operating assets and liabilities:		
Trade accounts receivable	(21)	(225)
Inventories	(186)	(201)
Interest paid (net)	(32)	(38)
Income taxes paid	(5)	(9)
Trade accounts payable	246	149
Cash paid for separation plans	(5)	(9)
Other working capital movements	(45)	(111)
Net cash provided by (used in) operating activities	107	(158)
Investing activities:		
Purchase of property, plant and equipment	(83)	(59)
Loans under cash pooling arrangements (net)	—	647
Other investing activities (net)	(4)	(2)
Net cash (used in) provided by investing activities	(87)	586
Financing activities:		
Proceeds from short-term debt	109	801
Proceeds from long-term debt, net of debt issuance costs	13	491
Payments of short-term debt	(120)	(1,010)
Payments of long-term debt	(1)	(3)
Borrowings under cash pooling arrangements (net)	—	(540)
Dividends paid	(29)	(30)
Other financing activities (net)	(3)	(2)
Net cash used in financing activities	(31)	(293)
Effect of exchange rate changes on cash	(1)	11
Net increase in cash and cash equivalents	(12)	146
Cash and cash equivalents:		
At the beginning of the period	247	120
At the end of the period	235	266

[1] Impairment of 13 was recognized as at June 30, 2012 (including 7 at Aperam Stainless Belgium (idle asset) and 6 at Aperam South America (idle asset))

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

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

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

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 Financial Statements of Aperam as of and for the six months ended June 30, 2012 (the "Interim Financial Statements") have been prepared in accordance with International Accounting Standard ("IAS") No. 34, "Interim Financial Reporting". They should be read in conjunction with the annual consolidated financial statements and the notes thereto in the Company's annual report for the year ended December 31, 2011 which have been prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("IFRS").

Accounting policies

The Interim Financial Statements have been prepared on a historical cost basis, except for available for sale financial assets, derivative financial instruments and biological assets, 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 consolidated financial statements as of and for the year ended December 31, 2011.

The Company adopted a number of new standards, amendments to standards or interpretations effective January 1, 2012 which are described in Note 1 to the consolidated financial statements as of and for the year ended December 31, 2011. 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 European Union didn't adopt any of the amendments issued by the International Accounting Standards Board ("IASB") in 2012.

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.

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

NOTE 2 – INVENTORIES

Inventories, net of the allowance for slow-moving inventories, excess of cost over net realizable value and obsolescence of 127 and 139 as of June 30, 2012 and December 31, 2011, respectively, are comprised of the following:

	June 30, 2012	December 31, 2011
Finished products	563	505
Production in process	533	435
Raw materials	154	182
Manufacturing supplies, spare parts and other	133	140
Total	**1,383**	**1,262**

The amount of write-downs of inventories to net realizable value recognized as an expense was 24 and 36 during the six months ended June 30, 2012 and 2011, respectively. During the six months ended June 30, 2012 and 2011, utilization of existing write-downs due to normal inventory consumption was 33 and 14, respectively.

NOTE 3 – PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

	June 30, 2012	December 31, 2011
VAT and other amount receivable from tax authorities	60	76
Prepaid expenses and accrued receivables	22	13
Income tax receivable	12	12
Other	33	44
Total	**127**	**145**

NOTE 4 – EQUITY

On September 9, 2010, the Company's subscribed share capital was fixed in the amount 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.

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.

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 (USD 0.1875 per share per quarter) were made on March 30, 2011 and June 14, 2011, respectively. The full year dividend paid in 2011 amounted to 59.

On May 8, 2012, the annual general meeting approved the quarterly dividend payment at USD 0.1875 per share. For the six months ended June 30, 2012, dividend payments of 15 and 14 (USD 0.1875 per share per quarter) were made on March 13, 2012 and June 14, 2012. The full year dividend to be paid in 2012 amounts to 59.

NOTE 5 – INCOME TAX

The income tax expense or 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 benefit was 33 and 5 for the six months ended June 30, 2012 and 2011, respectively. The income 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, 2012 as compared to the six months ended June 30, 2011.

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

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, 2012	December 31, 2011
Short-term bank loans and other credit facilities	500	498
Current portion of long-term debt	35	35
Lease obligations	4	5
Total	**539**	**538**

800 secured borrowing base revolving credit facility

On March 15, 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.

As of June 30, 2012, 465 was outstanding under this facility.

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

	Year of maturity	Type of Interest	Interest rate[(1)]	June 30, 2012	December 31, 2011
250 unsecured bonds	2016	Fixed	7.375%	246	246
250 unsecured bonds	2018	Fixed	7.750%	246	245
Loans in Brazil	2013-2019	Fixed/Floating	4.50%-9.17%	83	89
EUR 17 million loan	2013	Floating	4.553%	22	23
Other loans	2012-2014	Fixed	13.25%	3	4
Total				**600**	**607**
Less current portion of long-term debt				35	35
Total long-term debt (excluding lease obligations)				565	572
Lease obligations [(2)]				13	15
Total long-term debt, net of current portion				**578**	**587**

(1) Rates applicable to balances outstanding at June 30, 2012.
(2) Net of current portion of 4 and 5 as of June 30, 2012 and December 31, 2011 respectively.

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. Interest is 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.

EUR 17 million loan

On September 27, 2011, Aperam signed a EUR 17 million bilateral credit facility agreement. The facility is due on September 2013.

(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[1]	Total
Six months ended June 30, 2012					
Sales from external customers	1,305	348	1,105	2	2,760
Intersegment sales[2]	925	2	38	(965)	—
Operating (loss) income	(65)	24	1	8	(32)
Depreciation and impairment	134	3	15	9	161
Capital expenditures	45	14	17	7	83
Six months ended June 30, 2011					
Sales from external customers	1,619	398	1,372	—	3,389
Intersegment sales[2]	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

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

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

The reconciliation from operating (loss) income to net (loss) income is as follows:

	Six months ended June 30, 2012	Six months ended June 30, 2011
Operating (loss) income	(32)	94
Income from other investments	1	1
Interest income	1	1
Interest expense and other net financing costs	(42)	(74)
(Loss) income before taxes	(72)	22
Income tax benefit	33	5
Net (loss) income	(39)	27

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

Geographical information

Sales (by destination)

	Six months ended June 30,	
	2012	**2011**
Americas		
Brazil	623	681
United States	138	176
Others	101	121
Total Americas	862	978
Europe		
Germany	594	753
Italy	252	335
France	243	356
Belgium	115	89
Netherlands	78	84
Poland	68	80
Spain	52	77
Others	350	434
Total Europe	1,752	2,208
Asia & Africa		
South Korea	41	45
China	24	44
Others	81	114
Total Asia & Africa	146	203
Total	**2,760**	**3,389**

(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, 2012	December 31, 2011
Purchase commitments	1,598	1,686
Guarantees, pledges and other collateral	901	879
Operating leases	22	24
Other commitments	3	2
Total	**2,524**	**2,591**

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

The Company is party to various tax claims, the most significant are described in note 22 to the consolidated financial statements for the year ended December 31, 2011. Changes in contingencies since December 31, 2011 are described below.

- On December 16, 2011, Aperam Stainless Services and Solution Brazil has been assessed by the tax authorities aiming at collecting 35 (including interests on late payment and penalties) related to value added tax ("ICMS"). Tax authorities claimed that the Company has not collected to the State of Sao Paulo the ICMS imposed on importation of products performed by a trading company located in the state of Espirito Santo and disregarded the ICMS credit recognized by the Company at the time of acquisition of the goods from the trading company. On April 24, 2012, the Company received an unfavorable decision from the first administrative court. The Company presented its appeal in May 2012 in the second administrative instance and is waiting for a decision.

- On March 1, 2012, Aperam South America received two tax assessments regarding contributions related to importation of services ("PIS" and "COFINS") for an amount of 9. Federal Revenue Service considered that the Company should have paid these contributions on the payment it made for certain services (international carriage of goods, commercial representation, insurance and consultancy) provided between 2007 and 2008 by external services providers. The Company presented its defense in the first administrative instance and is waiting for a decision.

- On June 26, 2007, after a final unfavorable decision at the first administrative level, Aperam South America brought an annulment action at judicial level to void a tax assessment issued by the Federal Revenue Service due to alleged underpayment of payroll taxes between 1998 and 2002 related to certain payment made to its employees under collective agreements. On June 20, 2012 the first administrative court gave a favorable decision to the Company but the Federal Revenue Service presented on appeal. The Company is waiting for the decision of the court of appeal. The amount under dispute is approximately 8.

- On May 26, 2011 Aperam South America received a tax assessment from the Federal Revenue Service for an amount of 18 related to sales by Aperam South America to Acesita Imports and Exports (Madeira Island). The tax authorities required that the profits of Acesita Imports and Exports be added to Aperam South America's tax basis. On July 4, 2012, the Company obtained a favorable decision from the second administrative instance.

Labor Disputes

- In July 2011, the Union claimed against Aperam South America to get the payment of 7 minutes and 30 seconds as overtime, disregarding the 50% regular work hour paid by the Company as nightshift premium ("NSP") in strict compliance with collective agreement. The amount claimed was 10. Despite amicable discussions between the Company and the Union, the later maintained its claim which was brought to the court. The first instance decision was favorable to the Company. In April 2012, a final settlement was concluded between the Company and the Unions and the claim was removed. The same settlement was reached for an additional claim brought by the Union on March 2011 for the payment of NSP from working hours between 11 pm to 7 am for an amount of 5.

NOTE 10 – SUBSEQUENT EVENTS

There were no subsequent events after June 30, 2012.

Auditor's Review Report on Interim Financial Statements

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

REVIEW REPORT OF THE *RÉVISEUR D'ENTREPRISES AGRÉÉ*

ON INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Aperam as of June 30, 2012 and the related condensed consolidated statements 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 of the Entity.* 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 Audit, *Cabinet de révision agréé*

John Psaila, *Réviseur d'entreprises agréé*
Partner

July 30, 2012

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