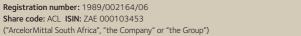
Reviewed group interim financial results and dividend announcement for the six months ended 30 June 2008

The lifeblood of a developing nation

ArcelorMittal South Africa Limited







ArcelorMittal





Revenue increased by 26% to R18,4 billion

- Profit from operations increased by 28%
- Headline earnings increased by 45% to R4,6 billion
- Interim dividend 342 cents per share

Financial review

FINCINCIAL REVIEW.

Headline earnings for the past six months of R4.6 billion increased by 45% compared to the corresponding period last year. The substantial increase was mainly driven by higher international steel prices, a substantial increase in income from our Coke and Chemicals business, higher income from our marketing and shipping joint venture as well as higher gains on foreign exchange rates and financial instruments. This was partially offset by lower sales volumes and an increase in costs.

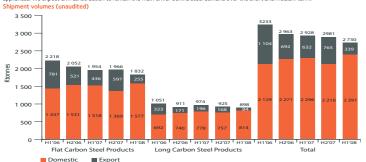
Hot rolled coil cash cost per tone increased by 41% compared to the corresponding period last year and the cost of billets and the cost of billets are served by the cost of billets as a result of the substantial increase in the price of scrap on the production cost of our Vereeniging Works which is to a large extent scrap based.

Total sales volumes decreased by 7% compared to the corresponding period last year and the cost of scrap on the production cost of our Vereeniging Works which is to a large extent scrap based.

Quarter to	US\$m	Rm	Exchange rate
March 2006	115	703	6.13
June 2006	193	1 247	6,45
Average	154	975	6,29
September 2006	208	1 488	7,16
December 2006	177	1 292	7,31
Average	193	1 390	7,24
March 2007	211	1 530	7,24
June 2007	229	1 624	7,10
Average	220	1 577	7,17
September 2007	148	1 055	7,11
December 2007	226	1 532	6,77
Average	187	1 294	6,94
March 2008	265	2 003	7,55
June 2008	330	2 573	7,79
Average	298	2 288	7,67

International market
International steel prices for both flat and long carbon steel products increased substantially since the beginning of 2008.
Both global crude steel production and international steel consumption are expected to increase by 11,6% during 2008 compared to an increase of 7,5% in 2007.
The Chinese economy is expected to remain strong during 2008 with a predicted growth rate of 10,2%, down from 11,9% in 2007. Chinese final steel consumption is expected to remain strong during 2008, while crude steel production is expected to increase by 10%.
Prices are expected to remain firm on the back of the ongoing strength of emerging markets, continued shortage of material and the current high cost of raw materials.

Domestic market
Overall domestic demand for steel remained strong, driven mainly by the increase in public sector infrastructure spending. High interest and inflation rates resulted in a sharp slowdown in residential building activity and demand for durable goods such as automotives and household appliances. We expect civil construction to remain the main driver behind steel demand over the short and medium term.



Operational review

Profit from operations for the six months of R5,4 billion increased by 28% compared to the corresponding period last year, with the most notable increases in our flat Carbon Steel Products and Coke and Chemicals businesses which increased by 15% and 216% respectively. The higher profit for the Coke and Chemicals business was mainly driven by a sharp increase in the international cof market coke of 156%. Our Long Carbon Steel Products business also realised a healthy 9% increase despite a decrease of 8% in sales volumes due to the mini reline of Blast Furnace N5 at Voluming the second quarter. Liquid steel production for the six months increased by 1% compared to the corresponding period last year. The reline of the Corex and Midrex plants at Saldanha Works and the mini reline of Blast Furnace N5 at Newcastle Works occurred during the first half of the year while the reline of Blast Furnace D at Vanderbillpark Works took place during the corresponding period last year.

Safety, health and environment Safety remains a priority focus area. During June 2008, the company achieved one year without a fatal incident. This achievement was however, overshadowed by an unhealthy trend in the lost time injury frequency rate experienced links the first half of 2008. Various interventions have been taken to restore the downward truth. They free more occupational links essentially during the period under

review.

Environmental matters feature prominently in the company's priority list and management actions. Various high-level actions were initiated during the reporting period to fast track the environmental improvement programme and to resolve issues raised by the authorities and other stakeholders.

Funds have been approved for the installation of two dust extraction units for the Electric Arc Furnaces at both Vanderbillipark and Vereeniging Works. The coke gas and water cleaning project at Vanderbilipark Works is scheduled for commission during the next quarter while the desulphurisation station at Newcastle Works is due to be completed during the first quarter of 2009.

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Two projects crucial for continued operations were completed during the first half of the year, the first being the successful reline of the Corex and Midrex plants at Saldanha Works and the second the mini-reline of Blast Furnace N5 at Newcastle Works. Both these projects will ensure a stable and reliable supply of liquid iron at the respective Works.

A major project to be completed in the second half of the year is the completion of two additional direct reduction kins at Vanderbijlpark Works. The project is on track for completion during September 2008. This will enable the company to reduce mence on expensive scrap as feedstock to the electric arc furnaces and will also add 220 000 tonnes of liquid steel to our manufacturing capacity.

Our expansion programme is on track to deliver capacity of 10 million tonnes of liquid steel by the end of 2012.

- he significant changes that occurred since 31 December 2007 include:

 The Alternative Dispute Resolution (ADR) process with the South African Revenue Services was finalised during March 2008, with settlement being reached on the dispute pertaining to the tax deductibility of payments made in terms of the Business Assistance Agreement. An amount of R100 million was paid, For the financial year ended December 2007, a provisional obligation of R80 million was recognised in terms of the settlement offer made during the ADR hearing. A further R20 million was recognised as an expense in the first half of the year under review.

 The amount of R802 million disclosed at 30 une 2008 as part of contingent liabilities relates to the administrative penalty impose
- The amount of R692 million disclosed at 30 June 2008 as part of contingent liabilities relates to the administrative penalty imposed by the Competition Tribunal in the case brought before them by gold miners, Harmony Gold Mining Company Limited and DRD Gold Limited, alleging excessive pricing. An appeal hearing is expected to take place during the latter part of 2008. In the case brought before the Competition Tribunal by Barnes Fencing Industries (Proprietary) Limited of price and payment condition discrimination on the sale of low carbon wire rod products, an intervention application hearing was heard on 27 February 2008. The Competition Tribunal granted leave to intervene by including additional complaints, namely, prohibited virtual practices and abuse of dominance. However, the request for a 10% administrative penalty was disallowed. No date for the main hearing has been set.

Changes to the board of directors

The board of directors announced on 9 May 2008 the resignation of Mr M Mukherjee with effect from 13 May 2008. Mr C Cornier has been appointed to fill the vacancy with effect from 14 May 2008.

Outlook for quarter three 2008

Domestic and international demand are expected to remain strong with international prices expected to remain firm as a result of the ongoing strong demand from emerging markets and continued cost push pressures. Quarter on quarter our average domestic sales prices will improve due to the fact that the full impact of price increases announced during quarter two will only flow through in the third marter.

Dividend announcement

In line with the company's policy, the board declared an interim cash dividend of 342 cents, covered approximately three times by headline earnings. Payment in South African Rand will be made to shareholders recorded in the register at the close of business on the record date. The salient dates for shareholders are:

Shares commence trading ex-dividend

Monday, 25 August 2008 Friday, 29 August 2008 Share certificates may not be dematerialised or rematerialised between Monday, 25 August 2008 and Friday, 29 August 2008, both days inclusive. Dividend entitlements of less than ten Rand will be donated to charity in terms of the articles of association.

Forward-looking statements

Certain statements in this release that are neither reported financial results nor other historical information, are forward-looking statements, including but not limited to statements that are predictions of or indicate future earnings, eavings, supregies, events, trends, plans or objectives. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertaintial and the affected by other factors that could cause actual results and company plans and objectives to differ materially from those expresses implied in the forward-looking statements (or from past results).

, , ,	oformation ('000 tonnes) Six months ended Year ended							
	30 June 2008							
Flat Carbon Steel Products								
Liquid steel production	2 250	1 993	4 231					
Sales	1 832	1 954	3 920					
Long Carbon Steel Products								
Liquid steel production	841	1 074	2 14					
Sales	898	974	1 899					
Total								
Liquid steel production	3 091	3 067	6 37					
Sales	2 730	2 928	5 819					
- domestic	2 391	2 296	4 422					
- export	339	632	1 397					
Domestic sales as percentage of total sales	88	78	7(

Condensed group income statement Revenue Raw materials and consumables used Employee costs Energy Movement in inventories of finished goods and work in progress Other operating expenses Profit from operations Gains and losses on changes in foreign exchange rates and financial instruments (Note 3) Interest income Finance costs (Note 4) Income from investments Profit before tax Income tax expense (Note 5) Profit for the period Owners of the company Earnings per share (cents) – basic 5 716

Condensed group statement of comprehensive income 31 December 2007 Audited Rm Total comprehensive income for the period 5 631 Owners of the company 4 788

Condensed group statement of financial position

	Six mont	Year ended		
	30 June	30 June	31 December	
	2008	2007	2007	
	Reviewed	Restated	Audited	
	Rm	Rm	Rm	
Assets				
Non-current assets	17 682	16 402	16 887	
Property, plant and equipment	15 724	15 056	15 525	
Intangible assets	63	51	58	
Unlisted equity accounted investments (Note 6)	1 658	1 086	1 109	
Other financial assets	237	209	195	
Current assets	15 736	16 704	11 318	
Assets classified as held for sale		2		
Inventories	6 208	4 514	4 790	
Trade and other receivables	4 5 3 7	2 968	2 292	
Taxation		231	108	
Other financial assets	147	110	94	
Cash and cash equivalents	4 844	8 879	4 034	
Total assets	33 418	33 106	28 205	
Equity and liabilities				
Shareholders' equity	24 402	25 451	20 583	
Stated capital	37	6 389	37	
Non-distributable reserves	1 271	762	757	
Retained income	23 094	18 300	19 789	
Non-current liabilities	4 436	4 638	4 273	
Borrowings and other payables	41	51	52	
Finance lease obligations	317	436	328	
Deferred income tax liability	2 475	2 793	2 603	
Provision for post-retirement medical costs	7	7	7	
Non-current provisions	1 596	1 351	1 283	
Current liabilities	4 580	3 017	3 349	
Trade and other payables	4 142	2 751	2 873	
Borrowings	10	8	10	
Finance lease obligations	68	27	88	
Other financial liability	29	27	67	
Taxation	53			
Current provisions	278	204	311	
Total equity and liabilities	33 418	33 106	28 205	

Condensed group statement of cash flows	Six mont	hs ended	Year ende
	30 June 2008 Reviewed Rm	30 June 2007 Reviewed Rm	31 Decembe 200 Audite Rr
Cash inflows from operating activities	1 347	1 859	4 62
Cash generated from operations	3 849	3 617	8 43
Interest income	142	256	44
Finance cost	(34)	(33)	(7
Dividend paid (Note 7)	(874)	(909)	(1 94
Income tax paid	(1 757)	(1 116)	(2 20
Realised foreign exchange movement	21	44	(2
Cash outflows from investing activities	(854)	(756)	(1 75
Investment to maintain operations	(629)	(578)	(1 19
Investment to expand operations	(228)	(182)	(65
Proceeds from disposals of property, plant and equipment	2	2	
Investments acquired in associate			(1
Investment income – interest	1	2	
Dividend from equity accounted investments	(=0)	(4.0)	10
Cash outflows from financing activities	(50)	(12)	(6 43
Capital reduction	(=0)	(12)	(6 35 (8
Repayment of borrowings and finance lease obligations	(50)		
Increase/(decrease) in cash and cash equivalents	443	1 091	(3.56
Effect of foreign exchange rate changes	367 4 03 4	7 750	(15 7.75
Cash and cash equivalents at beginning of period Cash and cash equivalents at end of period	4 034	8 879	4 03

Notes to the reviewed condensed consolidated financial statements

1. Basis of preparation
The condensed consolidated interim financial statements have been prepared in compliance with the Listing Requirements or the JSE Limited, International Financial Reporting Standards (IFRS) in particular International Accounting Standard (IAS) 34, Interim Financial Reporting as issued by the International Accounting Standards Board (IASB) and Schedule 4 of the South African Companies Act, 1973, as amended. 2. Significant accounting policies

ted interim financial statements have been prepared on the historical cost basis, except for the The condensed consolidated interim revaluation of financial instruments. The accounting policies and methods of computation applied in the presentation of the interim financial statements are

ent with those applied for the year ended 31 December 2007, except as follows: ormat of the interim financial results has been revised to bring it in line with the amendments to IAS 34, *Inter cial Reporting*, IAS 34 has been amended following the revision of IAS 1, *Presentation of Financial Statement*

The folling of the Intellini Intellini Intellini Residual results has been revised to flight in the althodiums to 43 44, intellini Financial Reporting, IAS 34 has been amended following the revision of IAS 1, Presentation of Financial Statements. These amendments have been early adopted.
 IFRS 8, Operating Segments, has been adopted in advance of its effective date (see segment information). In addition to the above the following Standards and Interpretations have been adopted in advance of their effective date with no impact on our accounting policies, financial results or disclosures:
 IFRS 2 (Revised), Share-based Payment (effective for annual periods beginning on or after 1 January 2009);
 IFRS 3 (Revised), Share-based Payment (effective for annual periods beginning on or after 1 July 2009);
 IFRS 3 (Revised), Brain-second Instruments: Presentation, and IAS 1 (Revised), Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009);
 IFRS 1 (Revised), Financial Enternational Financial Reporting Standards, and IAS 27 (Revised), Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 January 2009);
 IFRIC 15A, Agreements for the Construction of Real Estate (effective for annual periods beginning on or after 1 January 2009); and
 IFRIC 15A, Independent for the Construction of Real Estate (effective for annual periods beginning on or after 1 Journal Professional Professio

10-ctober 2008). Following the restatement and reclassifications as announced and disclosed in the December 2007 year-end results, the comparative amounts for 30 June 2007, have been restated. The restatement resulted in a decrease in the depreciation charge of R34 million and an increase in the taxation expense of R10 million for the six months ended 30 June 2007. The carrying value of fixed assets increased by R341 million, the deferred taxation liability increased by R140 million and opening retained earnings increased by R341 million. The earnings for the six months ended 30 June 2007 increased by R24 million, which resulted in an increase in earnings per share and diluted earnings per share by 5 cents per share.

The reclassification resulted that an amount of R78 million was reclassified from the income statement category, Gains and losses on changes in foreign exchange rate and financial instruments, to the category, Other operating expenses, for the six months ended 30 June 2007. This reclassification had no impact on operating results.

lotes to the reviewed condensed consolidat		statements	(continued) Year ended
	30 June 2008 Reviewed Rm	30 June 2007 Reviewed Rm	31 December 2007 Audited Rm
Gains and losses on changes in foreign exchange rates and			
financial instruments	377	47	(131)
Gains on changes in foreign exchange rates	394	52	38
Losses on changes in foreign exchange rates	(15)		(188)
(Losses)/gains on changes in the fair value of derivative instruments			
designated as fair value through profit and loss	(3)	(5)	16
Fair value gains transferred from equity on derivative instruments			
designated as cash flow hedges	1		3
4. Finance costs	27	93	117
Interest expense on bank overdrafts and loans	12	7	20
Interest expense on finance lease obligations	22	26	53
Discounting rate adjustment and unwinding of the discounting effect			
in the present valued carrying amount of non-current provisions	(7)	60	44
 Income tax expense Income tax is accrued based on the estimated average annual effective income tax rate of 26,7% (6 months ended 30 June 2007: 30,5%) 			
6. Unlisted equity accounted investments			
Directors' valuation of unlisted shares in Joint Ventures	1 774	1 120	1 184
7. Dividend paid			4 0 4 0
Cash dividend	874	909	1 948
8. Capital expenditure	0.57	700	4.052
 incurred authorised and contracted 	857 1 169	760 1 115	1 852 1 232
authorised and contracted authorised but not contracted	1 169	1 082	1 232
	736	465	1 059
9. Contingent liabilities	/36	405	1 059
face value of financial guarantee contracts issued in the normal			
cause of business	32 12	40 12	32 12
– amounts in legal trust accounts	12	12	12

10. Operating lease commitments

- less than one year
- more than one year and less than five years

11. Related party transactions
The Group is controlled by Mittal Steel Holdings A.G. which owns 52,02% of the Company's shares. During the year the company and its subsidianes, in the ordinary course of business, entered into various sale and purchase transactions with associates and joint ventures. These transactions occurred under terms that are no less favourable than those arranged with third parties.

12. Independent review by the auditors
The condensed consolidated interim results have been reviewed by our auditors, Deloitte & Touche. Their unmodified review report is available for inspection at the registered office of the company.

13. Corporate governance
The Group fully supports the Code on Corporate Practices and Conduct as contained in the second King Report on Corporate Governance.

Segment information

10. Operating lease commitments

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IFRS 8, Operating Segments, requires operating segments to be identified on the basis of internal reports about components of the group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (IAS 14, Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. Following the adoption of IFRS 8, the identification of such for the Amptot Works from the Corporate and Other to the Long Carbon Steel Product's segment, following the commencement of operations at the unit in the current year. The group's reportable segments under IFRS 8 therefore are as follows:

commencement of operations at the unit in the current year. The group's reportable segments under IFRS 8 therefore are as follows:

• Flat Carbon Steel Products consisting of the Vanderbijlpark and Saldanha Works

• Long Carbon Steel Products consisting of the Newcastle, Vereeniging and Maputo Works

• Coke and Chemicals undertaking the processing and marketing of by-products and the production and marketing of commercial-grade coking coal

• Corporate and Other housing sales and marketing functions, shared services, procurement and logistics activities, centres of excellence, the decommissioned Pretoria Works, available-for-sale, investments, and the results of the consolidated subsidiaries and special purpose entities

Segment revenue			
•	Six mon	ths ended	Year ended
	30 June 2008 Reviewed Rm	30 June 2007 Reviewed Rm	31 December 2007 Audited Rm
Flat Carbon Steel Products			
– external sales	11 305	9 282	18 612
- inter-segment sales	737	285	628
Long Carbon Steel Products			
– external sales	5 241	4 384	8 666
- inter-segment sales	514	242	572
Coke and Chemicals			
- external sales	1 822	910	2 022
- inter-segment sales	37	24	43
Adjustments and eliminations	(1 253)	(552)	(1 242)
Total revenue	18 403	14 575	29 301
Distributed as:			
– Local	16 651	12 091	23 689
– Export			
Africa	1 186	1 199	2 695
Europe	41	171	382
Asia	478	1 045	2 388

All of the segment revenue reported above is from external customers.

Segment profit from operations	Six mont	hs ended	Year ended
	30 June	30 June	31 December
	2008	2007	2007
	Reviewed	Reviewed	Audited
	Rm	Rm	Rm
Operating profit/(loss) before depreciation, amortisation and impairments			
- Flat Carbon Steel Products - Long Carbon Steel Products - Coke and Chemicals - Corporate and Other Depreciation and amortisation	3 473	2 942	5 265
	1 572	1 448	2 838
	946	312	765
	26	14	(66)
- Flat Carbon Steel Products - Long Carbon Steel Products - Coke and Chemicals - Corporate and Other	(574)	(438)	(438)
	(92)	(94)	(186)
	(19)	(19)	(38)
	23	27	(437)
Profit/(loss) from operations - Flat Carbon Steel Products - Long Carbon Steel Products - Coke and Chemicals - Corporate and Other	2 899	2 504	4 827
	1 480	1 354	2 652
	927	293	727
	49	41	(503)
Profit from operations	5 355	4 192	7 703

Salient features	6 1	d . d	V
	30 June	ths ended 30 June	Year ended 31 December
	2008	2007	2007
	Reviewed	Reviewed	Audited
	Rm	Rm	Rm
Reconciliation of earnings before interest, taxation, depreciation and			
amortisation (EBITDA)			
Profit from operations	5 3 5 5	4 192	7 703
Adjusted for:			
- Depreciation	657	516	1 088
- Amortisation of intangible assets	5	8	11
EBITDA	6 017	4 716	8 802
Reconciliation of headline earnings			
Profit for the period	4 571	3 141	5 716
Adjusted for:			
Loss on disposal or scrapping of assets	7	18	31
Book value of assets held for sale written off	(0)	(5)	4
- Tax effect	(2)	(5)	(10)
Headline earnings	4 576	3 154	5 741
Headline earnings per share (cents)			
- basic	1 027	708	1 288
- diluted	1 023	706	1 284
Selected ratios (%)			
EBITDA margin	32,7	32,0	30,0
Return on ordinary shareholders' equity per annum		05.0	
– attributable earnings	40,6	25,8	26,1
– headline earnings	40,7	25,9	26,2
Net cash to equity Share statistics	19,6	34,7	19,3
Ordinary shares (thousands)			
- in issue	445 752	445 752	445 752
- weighted average number of shares	445 752	445 752	445 752
- diluted weighted average number of shares	447 354	446 943	447 052
Share price (closing) (R)	223,00	127.40	136.50
Market capitalisation (Rm)	99 403	56 789	60 845
Net asset value per share (cents)	5 474	5 710	4 618
Dividend per share (cents)			
- interim	342	233	233

Group statement of changes in equity					n-distributable reserv					
				N		ves .				
	Stated capital Rm	Capital redemption reserve Rm	Management share trust Rm	Share-based payment reserve Rm	Attributable reserves of equity accounted investments Rm	Financial assets available for sale Rm	Translation of foreign operations Rm	Cash flow hedge accounting Rm	Retained income Rm	Total Shareholders' equity Rm
Balance at 1 January 2007	6 389	23	(106)	27	654		56	30	16 187	23 260
Total comprehensive income for the period (net of income tax) Management share trust: net treasury share purchases			(13)			16	(18)	(47)	3 141	3 092 (13)
Share options charge: IFRS 2 Dividend				21	440				(909)	21 (909)
Transfer of equity accounted earnings Balance at 30 June 2007	6 3 8 9	23	(119)	48	119 773	16	38	(17)	(119) 18 300	25 451
Total comprehensive income for the period (net of income tax) Management share trust: net treasury share purchases	0 389	23	(30)		773	46	(45)	(37)	2 575	2 539 (30)
Share options charge: IFRS 2 Dividend				14					(1 039)	14 (1 039
Capital reduction Transfer of equity accounted earnings	(6 352)				47				(47)	(6 352)
Balance at 31 December 2007 Total comprehensive income for the period (net of income tax)	37	23	(149)	62	820	62 (12)	(7) 204	(54) 25	19 789 4 571	20 583 4 788
Management share trust: net treasury share purchases Share options charge: IFRS 2 Dividend			(108)	13					(874)	(108 13 (874
Transfer of equity accounted earnings					392				(392)	(674
Balance at 30 June 2008	37	23	(257)	75	1 212	50	197	(29)	23 094	24 402

Registered Office: ArcelorMittal South Africa Limited, Room N3-5, Main Building, Delfos Boulevard, Vanderbijpark 1911 Transfer Secretaries: Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001 P.O. Box 61051, Marshalltown, Johannesburg, 2107 Directors: Non-executive: Dr KDK Mokhele (Chairman)*, DK Chught*, C Cornier‡, EK Diack*, S Maheshwarit*, LP Mondi, DCG Murray*, MJN Njeke*, ND Orleyn*, M Wurtho Executive: N Nyembezi-Heita (Chief Executive Officer), Dr LGJJ Bonte⁰ (President), HJ Verster (Executive Director Finance)
†Citizen of India OCtizen of Luxembourg "Independent non-executive" Citizen of Belgium #Citizen of France Company Secretary: C Singh Sponsor: Deutsche Securities (South Africa) (Proprietary) Limited, 87 Maude Street, Sandton, 2146 Private Bag X9933, Sandton 2146