The lifeblood of a developing nation

ArcelorMittal South Africa Limited

Reviewed group financial results and dividend announcement for the year ended 31 December 2008

ArcelorMittal

Condensed group income statement

Year ended 31 December	2008 Reviewed Rm	2007 Audited Rm
Revenue (Note 2)	**39 914**	29 301
Raw materials and consumables used	**(18 556)**	(12 141)
Employee costs	**(2 598)**	(2 210)
Energy	**(1 474)**	(1 364)
Movement in inventories of finished goods and work in progress	**1 844**	(21)
Impairment charge (Note 3)	**(121)**	
Depreciation	**(1 310)**	(1 088)
Amortisation of intangible assets	**(12)**	(11)
Other operating expenses	**(5 528)**	(4 763)
Profit from operations	**12 159**	7 703
Gains/(losses) on changes in foreign exchange rates and financial instruments (Note 4)	**637**	(131)
Interest income	**318**	442
Finance costs (Note 5)	**(238)**	(117)
Income from investments	**3**	4
Income from equity accounted investments (net of tax)	**331**	270
Impairment reversal (Note 6)	**36**	
Profit before tax (Note 7)	**13 246**	8 171
Income tax expense	**(3 865)**	(2 455)
Profit for the year	**9 381**	5 716
Attributable to:		
Owners of the company	**9 381**	5 716
Earnings per share (cents)		
– basic	**2 105**	1 282
– diluted	**2 097**	1 279

Condensed group statement of comprehensive income

Year ended 31 December	2008 Reviewed Rm	2007 Audited Rm
Profit for the year	**9 381**	5 716
Other comprehensive income		
Exchange differences on translation of foreign operations	**591**	(63)
(Losses)/gains on available-for-sale investment taken to equity	**(71)**	62
Movement in gains and losses deferred to equity on cash flow hedges	**(91)**	(111)
Income tax on income taken directly to equity	**25**	27
Total comprehensive income for the year	**9 835**	5 631
Attributable to:		
Owners of the company	**9 835**	5 631

Condensed group statement of financial position

as at 31 December	2008 Reviewed Rm	2007 Audited Rm
Assets		
Non-current assets	**18 159**	16 887
Property, plant and equipment	**15 917**	15 525
Intangible assets	**71**	58
Unlisted equity accounted investments (Note 8)	**1 968**	1 109
Other financial assets	**203**	195
Current assets	**19 276**	11 318
Inventories	**8 642**	4 790
Trade and other receivables	**2 031**	2 292
Taxation		108
Other financial assets	**174**	94
Cash and cash equivalents	**8 429**	4 034
Total assets	**37 435**	28 205
Equity and liabilities		
Shareholders' equity	**27 995**	20 583
Stated capital	**37**	37
Non-distributable reserves	**1 503**	757
Retained income	**26 455**	19 789
Non-current liabilities	**4 774**	4 273
Borrowings and other payables	**46**	52
Finance lease obligations	**314**	328
Deferred income tax liability	**2 526**	2 603
Provision for post-retirement medical costs	**9**	7
Non-current provisions	**1 879**	1 283
Current liabilities	**4 666**	3 349
Trade and other payables	**3 384**	2 873
Borrowings and other payables	**33**	10
Finance lease obligations	**40**	88
Taxation	**780**	
Other financial liability	**157**	67
Current provisions	**272**	311
Total equity and liabilities	**37 435**	28 205

Condensed group statement of cash flows

Year ended 31 December	2008 Reviewed Rm	2007 Audited Rm
Cash inflows from operating activities	**5 511**	4 623
Cash generated from operations	**10 939**	8 439
Interest income	**318**	442
Finance costs	**(59)**	(73)
Dividend paid	**(2 398)**	(1 948)
Income tax paid	**(3 087)**	(2 209)
Realised foreign exchange movement	**(202)**	(28)
Cash outflows from investing activities	**(1 813)**	(1 752)
Investment to maintain operations	**(1 413)**	(1 198)
Investment to expand operations	**(419)**	(654)
Proceeds from disposals of property, plant and equipment	**2**	8
Investment in associate		(16)
Investment income – interest	**3**	4
Dividend from equity accounted investments	**14**	104
Net cash inflow	**3 698**	2 871
Cash outflows from financing activities	**(121)**	(6 435)
Capital reduction		(6 352)
Repayment of borrowings and finance lease obligations	**(121)**	(83)
Increase/(decrease) in cash and cash equivalents	**3 577**	(3 564)
Effect of foreign exchange rate changes	**818**	(152)
Cash and cash equivalents at beginning of year	**4 034**	7 750
Cash and cash equivalents at end of year	**8 429**	4 034

Segment information

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 the group's reportable segments has not changed, other than for the re-allocation of the Maputo Works from the Corporate and Other- to the Long Carbon Steel Products 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:

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

The income statement categories, gains and losses on changes in foreign exchange rates and financial instruments, interest income, finance costs, income from investments and after tax income from equity accounted investments are unallocated and remain in Corporate.

Segment revenue

Year ended 31 December	2008 Reviewed Rm	2007 Audited Rm
Flat Carbon Steel Products		
– external sales	**24 447**	18 612
– inter-segment sales	**1 066**	628
Long Carbon Steel Products		
– external sales	**11 936**	8 666
– inter-segment sales	**1 014**	572
Coke and Chemicals		
– external sales	**3 496**	2 022
– inter-segment sales	**67**	43
Adjustments and eliminations	**(2 112)**	(1 242)
Total revenue	**39 914**	29 301
Distributed as:		
– Local	**34 931**	23 689
– Export		
Africa	**2 752**	2 695
Europe	**323**	382
Asia	**1 696**	2 388
Other	**212**	147

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

Segment profit from operations

Year ended 31 December	2008 Reviewed Rm	2007 Audited Rm
Operating profit/(loss) before depreciation, amortisation and impairment		
– Flat Carbon Steel Products	**8 112**	5 265
– Long Carbon Steel Products	**3 993**	2 838
– Coke and Chemicals	**1 781**	765
– Corporate and Other	**(284)**	(66)
Depreciation and amortisation		
– Flat Carbon Steel Products	**(1 105)**	(438)
– Long Carbon Steel Products	**(200)**	(186)
– Coke and Chemicals	**(38)**	(38)
– Corporate and Other	**21**	(437)
Impairment charge		
– Long Carbon Steel Products	**(121)**	
Profit/(loss) from operations		
– Flat Carbon Steel Products	**7 007**	4 827
– Long Carbon Steel Products	**3 672**	2 652
– Coke and Chemicals	**1 743**	727
– Corporate and Other	**(263)**	(503)
Profit from operations	**12 159**	7 703

Segment assets

Year ended 31 December	2008 Reviewed Rm	2007 Audited Rm
Flat Carbon Steel Products	**20 198**	18 244
Long Carbon Steel Products	**5 097**	4 007
Coke and Chemicals	**1 130**	1 043
Corporate and Other	**11 010**	4 911
Total assets	**37 435**	28 205

Unaudited supplementary physical information ('000 tonnes)

Year ended 31 December	2008 Unaudited	2007 Unaudited
Flat Carbon Steel Products		
Liquid steel production	**4 084**	4 231
Sales	**3 412**	3 920
Long Carbon Steel Products		
Liquid steel production	**1 690**	2 144
Sales	**1 677**	1 899
Total		
Liquid steel production	**5 774**	6 375
Sales	**5 089**	5 819
– local	**4 375**	4 422
– export	**714**	1 397
Local sales as percentage of total sales	**86**	76

Revenue increased by **36%** to R39,9 billion

Operating profit increased by **58%** to R12,2 billion

Headline earnings increased by **65%** to R9,5 billion

Final dividend 365 cents per share

Financial review

Headline earnings for 2008 improved by 65% to a record R9,5 billion despite a sharp decline in earnings in the fourth quarter as the global economic crisis spread to the steel industry. (See breakdown of quarterly earnings below.)

This substantial increase in annual earnings was driven by higher global steel prices, a significantly improved income contribution from our Coke & Chemicals business, as well as higher gains on foreign exchange transactions and financial instruments. Lower sales volumes and escalating costs partially offset these gains.

Hot rolled coil cash costs per tonne were up 59% year-on-year while the cost of billets increased by 65% amid surging prices of major input materials, led by coal, scrap and alloys. Scrap prices in particular rose steeply contributing to the sharp escalation in the production cost of billets at our Vereeniging Works, which is to a large extent scrap based.

Sales volumes were down 13% compared with 2007 as domestic and export sales declined by 1% and 49% respectively. The sharp drop in exports can be explained by our focus on meeting the demands of the local market first. Average net export prices though were 45% higher in dollar terms and 70% in rand terms than prices in 2007.

Quarterly headline earnings

Quarter to	Rm	US$m	Exchange rate
March 2007	1 530	211	7,24
June 2007	1 624	229	7,10
Average	1 577	220	7,17
September 2007	1 055	148	7,11
December 2007	1 532	226	6,77
Average	1 294	187	6,94
March 2008	2 003	265	7,55
June 2008	2 573	330	7,79
Average	2 288	298	7,67
September 2008	3 772	485	7,78
December 2008	1 136	114	9,93
Average	2 454	300	8,86

Market review

International market

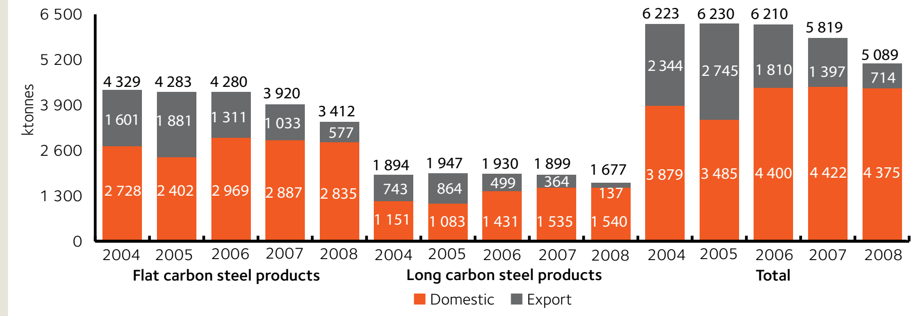
After a buoyant 2007, during which global steel consumption rose by 7,5%, growth slowed in 2008 to an estimated 1%. Growth was experienced during the first seven months of the year with global hot rolled coil prices reaching a high of $1 200 per tonne in July. However by year-end prices had dropped by 59,6% following the collapse in the demand for steel since September amid the downturn in real consumption and destocking by customers. This led to sharp production cutbacks in all steel producing regions, starting with a year-on-year decline of 3,6% in September and gradually accelerating to a 24% cut in output in December. China, the world's largest producer, raised its output by 1,7% last year after an increase of 15,7% in 2007. It now accounts for 38,4% of total world steel output (2007: 37,2%). Whereas the Chinese government instituted policies and measures to curb steel production and exports in 2007, last year it announced the suspension of a 5% export duty on hot rolled coil from December and introduced a $586 billion stimulus package to boost infrastructure spending over the next two years.

ArcelorMittal South Africa reduced its exports outside the African region to 6% of total steel product sales from 12% in 2007, emphasising the strategy to focus sales on the African continent.

Domestic market

Domestic demand for steel remained strong for the first three quarters of the year, driven mainly by the increase in public sector infrastructure spending. During the fourth quarter, however, the impact of the global financial crisis spilled over to the local economy and led to a sharp decline in demand further aggravated by destocking of inventory levels. In addition high interest and inflation rates resulted in a slowdown in residential building activity as well as reduced consumer spending on durable goods such as automotives and household appliances. Figures by the South African Iron and Steel Institute (SAISI) show that steel consumption declined from 5,9 million tonnes in 2007 to an estimated 5,6 million tonnes last year.

Shipment volumes (unaudited)



Operational review

Operating profits for 2008 increased by 58% year-on-year to R12,2 billion. The Coke & Chemicals business boosted its operating income by 140%, Flat Carbon Steel Products by 45% and Long Carbon Steel Products by 38%.

Liquid steel production for the year however was 9% lower compared to 2007 primarily due to the reline of the Corex and Midrex plants at Saldanha Works and the mini-reline of Blast Furnace N5 at Newcastle Works during the first half of the year. Further production cutbacks were implemented in the fourth quarter to align output levels at our operations with falling demand. Other short-term interventions to cushion the company against the worst effects of the global financial crisis focussed on cost reduction and cash management initiatives.

Safety, health and environment

We remain committed to providing a safe workplace for our employees and contractors and our "Journey to Zero" initiative is aimed at achieving zero fatalities and injuries at our operations. Our operations set several safety records last year despite a number of major refurbishments, including 3 million man hours without a lost time injury at Vanderbijlpark Works and 2 million lost time free man hours at Saldanha- and Newcastle Works. These achievements were unfortunately marred by two fatalities during an accident at Saldanha Works in September. After an extensive investigation, measures were introduced to prevent a similar accident in future.

Environmental matters are a high priority for the company and a number of projects were initiated or accelerated last year to fast-track the environmental improvement programme and resolve issues raised by environmental authorities and other stakeholders. We also finalised our longer-term capital expenditure plans to improve our overall environmental performance.

Total environmental capital expenditure for the year amounted to R217 million of which the following two projects stand out:

- The installation of a dust extraction system at Vereeniging Works' steelmaking facilities is on track for completion early in 2010.
- The Coke Gas and Water Cleaning project at Vanderbijlpark Works has experienced commissioning delays, but will be operational during the first quarter of 2009 and lead to a reduction of 46% in SO_2 emissions at the operation.

Capital projects

The company completed two capital projects during the year that will significantly improve the supply of liquid iron at its operations namely the successful reline of the Corex and Midrex plants at Saldanha Works and the mini-reline of Blast Furnace N5 at Newcastle Works.

The construction of two new Direct Reduction kilns at Vanderbijlpark Works is also nearing completion. Once completed the kilns will enable the company to become less reliant on scrap as feedstock to the Electric Arc Furnaces, while at the same time adding 220 000 tonnes of liquid steel to our manufacturing capacity.

The global economic crisis has forced us to reconsider our expansion programme, but we remain committed to growing our business in the medium to long term and continue to monitor all indicators to optimise the timing of our capital expenditure plan.

Contingent liabilities

In the case brought before the Competition Tribunal by gold miners Harmony Gold Mining Company Limited and DRD Gold Limited alleging excessive pricing, an appeal hearing took place before the Competitions Appeal Court in October 2008. The ruling is still pending. The administrative penalty imposed by the Competition Tribunal of R692 million remains disclosed as a contingent liability and no amount has been raised as a provision.

In another case brought before the Competition Tribunal by Barnes Fencing Industries Limited – relating to alleged price and payment discrimination on the sale of low carbon wire rod products – a date for the plea hearing and the beginning of the initial proceedings is awaited.

Changes to the board of directors

- Mr M Mukherjee resigned as non-executive director with effect from 13 May 2008.
- Mr CPD Cornier has been appointed as non-executive with effect from 14 May 2008.
- Mr MAL Wurth resigned as non-executive director with effect from 30 November 2008.
- Mr AMHO Poupart-Lafarge has been appointed as non-executive director with effect from 30 November 2008.

Outlook for quarter one 2009

Earnings for the first quarter of 2009 are set to fall substantially compared to the fourth quarter of 2008, as the full impact of the decline in steel prices will be felt. Furthermore the drop in the cost of input materials, especially coal, will only start to flow through from the second quarter. The decline in earnings will be further aggravated by lower income expected from the Coke & Chemicals business due to reduced demand for market coke from the ferro-alloy industry.

Domestic steel demand is expected to remain under pressure for at least the first half of 2009. A decline in inflation, further possible interest rate cuts and Government's commitment to continue with its infrastructure programme could boost consumer and investment spending towards the latter part of the year.

Global production and consumption in 2009 are also forecast to be below 2008 levels. A return to stability is only expected in the second half of the year when production cuts should bring the market closer to equilibrium.

Dividend announcement

In line with company policy, the Board has declared a final cash dividend of 365 cents (2007: 196 cents), covered approximately three times by headline earnings. Payment in South African Rands will be made to shareholders recorded in the register at the close of business on the record date. The salient dates for shareholders are:

Last date to trade shares cum dividend	Friday, 6 March 2009
Shares commence trading ex dividend	Monday, 9 March 2009
Record date	Friday, 13 March 2009
Dividend payment date	Monday, 16 March 2009

Share certificates may not be dematerialised or rematerialised between Monday, 9 March 2009 and Friday, 13 March 2009, both days inclusive. Dividend entitlements of less than ten rand will be donated to charity in terms of the articles of association.

On behalf of the Board

N Nyembezi-Heita *Chief Executive Officer* HJ Verster *Executive Director Finance*

29 January 2009

Forward-looking statements

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, savings, synergies, events, trends, plans or objectives. Undue reliance should not be placed on such statements because, by their nature, they are subject to risks and uncertainties whose impact could cause actual results and company plans and objectives to differ materially from those expressed or implied in the forward-looking statements (or from past results). The outlook for Quarter 1 2009 has not been subject to review by the company's auditors.

Notes to the reviewed condensed consolidated financial statements

1. Basis of preparation

The condensed consolidated financial statements have been prepared in compliance with the Listing Requirements of 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.

These condensed reviewed group financial results for the year ended 31 December 2008 have been prepared on the historical cost basis, except for the revaluation of financial instruments.

The group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2008.

The accounting policies and methods of computation applied in the presentation of the financial results of the group are consistent with those applied for the year ended 31 December 2007, except for the early adoption of:

- IAS1 *(Revised), Presentation of Financial Statements* (effective from annual periods beginning on or after 1 January 2009).
- IFRS8, *Operating Segments* (effective from annual periods beginning on or after 1 January 2009).

These two Standards have had an impact on the disclosure of the financial results, but no impact on the financial results of the group.

In addition to the above, the following Standards and Interpretations have been adopted in advance of their effective date with no impact on the group's financial results or disclosures:

- IAS16 (Amendment), *Property, Plant and Equipment* and consequential amendment to IAS7, *Statement of Cash Flows* (effective for annual periods beginning on or after 1 January 2009);
- IAS19 (Amendment), *Employee Benefits* (effective for annual periods beginning on or after 1 January 2009);
- IAS20 (Amendment), *Accounting for government grants and disclosure of government assistance* (effective for annual periods beginning on or after 1 January 2009);
- IAS23 (Amendment), *Borrowing Costs* (effective for annual periods beginning on or after 1 January 2009);
- IAS27 (Revised), *Consolidated and Separate Financial Statements*, and IFRS3 (Revised), *Business combinations* (effective for annual periods beginning on or after 1 July 2009);
- IAS27 (Amendment), *Consolidated and Separate Financial Statements* (effective for annual periods beginning on or after 1 January 2009);
- IAS28 (Amendment), *Investments in Associates* (and consequential amendments to IAS32, *Financial Instruments: Presentation*, and IFRS7, *Financial Instruments: Disclosures*) (effective for annual periods beginning on or after 1 January 2009);
- IAS29 (Amendment), *Financial Reporting in Hyperinflationary Economies* (effective for annual periods beginning on or after 1 January 2009);
- IAS31 (Amendment), *Interests in Joint Ventures* and consequential amendments to IAS32 *Financial Instruments: Presentation* and IFRS7, *Financial Instruments: Disclosures* (effective for annual periods beginning on or after 1 January 2009);
- IAS32 (Amendment), *Financial Instruments: Presentation*, and IAS1 (Amendment), *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation* (effective for annual periods beginning on or after 1 January 2009);
- IAS36 (Amendment), *Impairment of Assets* (effective for annual periods beginning on or after 1 January 2009);
- IAS38 (Amendment), *Intangible assets* (effective for annual periods beginning on or after 1 January 2009);
- IAS39 (Amendment), *Financial Instruments: Recognition and Measurement* and IFRS7, *Financial Instrument Disclosures* (effective for annual periods beginning on or after 1 July 2009);
- IAS39 (Amendment), *Financial Instruments: Recognition and Measurement* (effective for annual periods beginning on or after 1 January 2009);
- IAS40 (Amendment), *Investment Property* and consequential amendments to IAS16, *Property, Plant and Equipment* (effective for annual periods beginning on or after 1 January 2009);
- IFRS1 (Amendment), *First Time Adoption* of IFRS, and IAS27, *Consolidated and Separate Financial Statements* (effective for annual periods beginning on or after 1 January 2009);
- IFRS2 (Amendment), *Share-based Payment* (effective for annual periods beginning on or after 1 January 2009);
- IFRS5 (Amendment), *Non-current Assets Held-for-Sale and Discontinued Operations* and consequential amendment to IFRS1, *First-time Adoption of IFRS* (effective for annual periods beginning on or after 1 July 2009);
- IFRIC15, *Agreements for Construction of Real Estates* (effective for annual periods beginning on or after 1 January 2009); and
- IFRIC16, *Hedges of a Net Investment in a Foreign Operation* (effective for annual periods beginning on or after 1 October 2008).

Year ended 31 December	2008 Reviewed Rm	2007 Audited Rm
2. Revenue	**39 914**	29 301
Sale of goods	**39 914**	29 298
Gains on derivative instruments in "designated" cash flow hedge accounting relationships		3
The 2007 sale of goods amount was decreased with R32 million to exclude the adjustments of sales to joint ventures still in inventory at year-end.		
3. Impairment charge		
An impairment charge of R93 million and R28 million has been recognised against the carrying amounts of the Maputo Works and the Dunswart Direct Reduction facility at the Vereeniging Works respectively.		
4. Gains/(losses) on changes in foreign exchange rates and financial instruments	**637**	(131)
Gains on changes in foreign exchange rates	**901**	38
Losses on changes in foreign exchange rates	**(256)**	(188)
Fair value (losses)/gains transferred from equity on ineffective derivative instruments de-designated as cash flow hedges	**(10)**	3
Gains on changes in the fair value of derivative instruments designated as held for trading at fair value through profit and loss	**2**	16
5. Finance costs	**(238)**	(117)
Interest expense on bank overdrafts and loans	**(13)**	(20)
Interest expense on finance lease obligations	**(46)**	(53)
Discounting rate adjustment of the non current provisions	**(8)**	79
Unwinding of the discounting effect in the present valued carrying amount of the non-current provisions	**(171)**	(123)
6. Impairment reversal		
Following an impairment reversal against property, plant and equipment by jointly controlled entity, Microsteel (Proprietary) Limited, a corresponding reversal of R36 million impairment against the investment has been made.		
7. Profit before taxation is arrived at after		
Directors' remuneration		
– executive	**16**	9
– non-executive	**2**	2
Auditors' remuneration		
– audit fees	**11**	10
– other services and expenses	**1**	1
8. Unlisted equity accounted investments		
Directors' valuation of unlisted equity accounted investments	**2 001**	1 184
9. Capital expenditure		
– incurred	**1 832**	1 852
– contracted	**930**	1 232
– authorised but not contracted	**1 227**	1 397
10. Contingent liabilities	**705**	1 059
– guarantees	**1**	32
– amount in legal trust	**12**	12
– litigation and claims	**692**	1 015
11. Operating lease commitments	**156**	162
– less than one year	**79**	46
– more than one year and less than five years	**77**	116

12. Related party transactions

The group is controlled by Mittal Steel Holdings AG which owns 52,02% of the company's shares. During the year the company and its subsidiaries, 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.

13. Directors' share option benefits

Rights to options and shares held by Executive Directors in terms of the Management Share Scheme totalled 202 551 at 31 December 2008 (December 2007: 419 695), representing 0,05% (December 2007: 0,09%) of the issued shares. During the year the directors sold a portion of their options realising a gain of R10 million (December 2007: R7 million), which was also paid to them.

14. Corporate governance

The group subscribes to the Code on Corporate Practices and Conduct as contained in the second King Report on corporate governance.

15. Review by external auditors

The group financial results have been reviewed by Deloitte & Touche whose unmodified review opinion is available for inspection at the company's registered office.

Salient features

Year ended 31 December	2008 Reviewed Rm	2007 Audited Rm
Reconciliation of earnings before interest, taxation, depreciation and amortisation (EBITDA)		
Profit from operations	**12 159**	7 703
Adjusted for:		
– impairment charge	**121**	
– depreciation	**1 310**	1 088
– amortisation of intangible assets	**12**	11
EBITDA	**13 602**	8 802
Reconciliation of headline earnings		
Profit for the year	**9 381**	5 716
Adjusted for:		
– loss on disposal or scrapping of assets	**39**	31
– book value of assets held-for-sale written off		4
– impairment charge	**121**	
– impairment reversal	**(36)**	
– tax effect	**(21)**	(10)
Headline earnings	**9 484**	5 741
Headline earnings per share (cents)		
– basic	**2 128**	1 288
– diluted	**2 120**	1 284
Selected ratios (%)		
EBITDA margin	**34,1**	30,0
Return on ordinary shareholders' equity per annum		
– attributable earnings	**38,6**	26,1
– headline earnings	**39,0**	26,2
Net cash to equity	**29,8**	19,3
Share statistics		
Ordinary shares (thousands)		
– in issue	**445 752**	445 752
– weighted average number of shares	**445 752**	445 752
– diluted weighted average number of shares	**447 433**	447 052
Share price (closing) (R)	**88,45**	136,50
Market capitalisation (Rm)	**39 427**	60 845
Net asset value per share (cents)	**6 280**	4 618
Dividend per share (cents)		
– interim	**342**	233
– final	**365**	196

Condensed group statement of changes in equity

	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
		Non-distributable reserves								
Balance at 1 January 2007	**6 389**	**23**	**(106)**	**27**	**654**		**56**	**30**	**16 187**	**23 260**
Total comprehensive income for the year (net of income tax)						62	(63)	(84)	5 716	5 631
Management share trust: net treasury share purchases			(43)							(43)
Share options charge: IFRS 2				35						35
Dividend									(1 948)	(1 948)
Capital reduction	(6 352)									(6 352)
Transfer of equity accounted earnings					166				(166)	
Balance at 31 December 2007 (Audited)	**37**	**23**	**(149)**	**62**	**820**	**62**	**(7)**	**(54)**	**19 789**	**20 583**
Total comprehensive income for the year (net of income tax)						(71)	591	(66)	9 381	9 835
Management share trust: net treasury share purchases			(58)							(58)
Share options charge: IFRS 2				33						33
Dividend									(2 398)	(2 398)
Transfer of equity accounted earnings					317				(317)	
Balance at 31 December 2008 (Reviewed)	**37**	**23**	**(207)**	**95**	**1 137**	**(9)**	**584**	**(120)**	**26 455**	**27 995**

Directors: **Non-executive:** Dr KDK Mokhele (Chairman)*, DK Chugh†, CPD Cornier#, EK Diack*, S Maheshwari†, LP Mondi, DCG Murray*, MJN Njeke*, ND Orleyn*, AMHO Poupart-Lafarge# **Executive:** N Nyembezi-Heita (Chief Executive Officer), Dr LGJJ Bonte◊ (President), HJ Verster (Executive Director Finance) †Citizen of India ◊Citizen of Belgium #Citizen of France *Independent non-executive

Company Secretary: C Singh

Registered Office: **ArcelorMittal South Africa Limited**, Registration number: 1989/002164/06, Share code: ACL ISIN: ZAE 000103453, ("ArcelorMittal South Africa", "the company" or "the group"), Room N3-5, Main Building, Delfos Boulevard, Vanderbijlpark 1911

Transfer Secretaries: Computershare Investor Services (Proprietary) Limited 70 Marshall Street, Johannesburg, 2001 P.O. Box 61051, Marshalltown, Johannesburg, 2107

Sponsor: Deutsche Securities (SA) (Proprietary) Limited 87 Maude Street, Sandton, 2146 Private Bag X9933, Sandton, 2143

BASTION GRAPHICS