

unaudited group earnings and physical information

for the quarter ended 31 march 2005

MITTAL

Mittal Steel South Africa Ltd

(formerly Ispat Iscor Limited and prior to that Iscor Limited)
(Registration number 1989/002164/06)
Share code: MLA ISIN: ZAE000064044

FINANCIAL RESULTS

Headline earnings for the quarter increased by 136% (133% in US Dollar terms) over the corresponding period of the previous year, driven primarily by a substantial increase in global steel prices an increase in our domestic sales mix and cost containment through cost savings.

Compared to the previous quarter headline earnings increased by 12% mainly due to lower tax following a reduction in the tax rate announced by the government, a lower provision for secondary tax on dividends and higher export volumes, partially offset by lower local volumes.

MARKET REVIEW

International

The international demand for steel remained firm during the quarter although a slight softening was witnessed compared to the previous quarter. Compared to quarter one 2004 the selling prices of hot rolled coils and low carbon wire rod increased by xxx% and yyy% respectively, while the comparison with the previous quarter indicates lower prices of xxx% and yyy% respectively.

Domestic

Apparent domestic demand for the quarter was in line with the corresponding period last year but reduced by 4.3% from the previous quarter level, mainly due to destocking by customers and lower order placing in anticipation of price reductions.

PRODUCTION

Liquid steel production was in line with the previous quarter but was 9.4% higher than the corresponding quarter last year mainly as a result of improved operational performance and the throat armour repair of blast furnace C, at our Vanderbijlpark plant, during quarter one last year, which resulted in a loss of approximately 61 000 tons.

COST

Despite significant savings realized, our cost per ton increased by 19% compared with the corresponding period last year mainly as a result of a dramatic increase in the international prices of almost all input costs of which coal, alloys, scrap and freight had the largest impact on us. Fortunately, through our high level of integration we were to a large extent sheltered from the global quantum increase in the cost of raw materials.

OUTLOOK

The local market is expected to improve slightly with the inventory levels at the channels returning to normal levels. The underlying demand remains firm, in line with the domestic economy. With the Rand getting into a weakening bias, price levels are generally expected to be maintained in the next quarter.

Export volumes are expected to be higher than the previous quarter, long products in particular. However, prices are expected to be lower due to the current soft conditions in the market aggravated by high inventory levels.

Costs are expected to be generally in line with quarter one with lower scrap prices offset by higher prices for imported pellets, alloys, etc.

Overall, the results for the next quarter are expected to remain strong, in line with quarter one.

group income statement

	Quarter ended			Year ended
	31 March 2005	31 March 2004	31 December 2004	31 December 2004
	Rm	Rm	Rm	Rm
Revenue	6 065	4 869	6 122	23 053
Flat Steel Products				
• Vanderbijlpark	3 119	2 613	3 239	12 288
• Saldanha Steel	1 041	755	1 029	3 638
Long Steel Products	1 731	1 347	1 648	6 339
Coke & Chemicals	272	219	346	1 253
Other	30	30	30	111
Inter Group	(128)	(95)	(170)	(576)
Operating Profit	2 122	1 003	2 216	6 668
Flat Steel Products				
• Vanderbijlpark	1 106	610	1 164	4 129
• Saldanha Steel	415	137	420	1 147
Long Steel Products	529	214	559	1 769
Coke & Chemicals	85	53	114	462
Other	6	10	19	42
Corporate	(19)	(21)	(60)	(150)
BAA remuneration				(731)
Net financing income/(costs)	22	(32)	12	(134)
Profit from equity accounted investments before tax	73	60	97	347
Impairment credit			502	502
Goodwill impairment	(5)	(5)	(5)	(21)
Taxation	(636)	(358)	(1 061)	(2 485)
Minority interest	(3)	(4)	-	(6)
Profit attributable to ordinary shareholders	1 573	664	1 761	4 871
ADDITIONAL INFORMATION				
Profit attributable to ordinary shareholders	1 573	664	1 761	4 871
<i>Adjusted for</i>				
• Impairment credit			(502)	(502)
• Goodwill impairment	5	5	5	21
• Taxation on adjustments			151	151
Headline earnings	1 578	669	1 415	4 541
Performance per ordinary share				
Attributable earnings per share (cents)	353	149	395	1 093
Headline earnings per share (cents)	354	150	317	1 019

physical information ('000 tonnes)

	Quarter ended			Year ended
	31 March 2005	31 March 2004	31 December 2004	31 December 2004
	Rm	Rm	Rm	Rm
Flat Steel Products				
- Vanderbijlpark				
Liquid steel production	976	834	994	3 628
Sales	767	795	786	3 166
• Local	492	518	525	2 224
• Exports	275	277	261	942
• Local sales as % of total sales	64	65	67	70
- Saldanha Steel				
Liquid steel production	318	328	321	1 227
Sales	306	299	287	1 141
• Local	125	75	142	504
• Export	181	224	145	637
• Local sales as % of total sales	41	25	49	44
Long Steel Products				
Liquid steel production	555	528	551	2 178
Sales	461	496	437	1 894
• Local	255	275	245	1 151
• Export	206	221	192	743
• Local sales as % of total sales	55	55	56	61
Total				
Liquid steel production	1 849	1 690	1 866	7 033
Sales	1 534	1 590	1 510	6 201
• Local	872	868	912	3 879
• Export	662	722	598	2 322
• Local sales as % of total sales	57	55	60	63

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