# Unaudited group earnings results and physical information for the quarter ended 30 September 2012

ArcelorMittal

## Overview

Trading conditions for the global steel industry continued to worsen into the third quarter on the back of a further deterioration in the already weak economic conditions in Europe and a slowdown in the Chinese growth rate, resulting in a further decline in international prices. Domestic steel demand remained weak, especially from the building and construction industry, the main steel consuming sector in South Africa. The weak demand together with destocking activities resulted in a decline in domestic sales of 5%. The negative impact of the market was to some extent offset by a softening in some raw material prices, especially coking coal, pellets and scrap, although electricity costs increased as a result of the higher winter tariffs. Commercial coke sales increased 24% on the back of ferrochrome operators restarting furnaces following the end of the electricity buy-back period. This resulted in a rise in EBITDA from the segment of R65 million to R110 million. The company received an insurance claim of R188 million in respect of a Corex burn through incident at Saldanha during 2009, with the final related repairs completed towards the end of last year. The headline loss for the quarter ended 30 September 2012 of R168 million was marginally lower than the loss reported in the preceding quarter of R177 million, in line with our outlook at that time. During the corresponding period last year we recorded a loss of R460 million.

EBITDA rose 6% quarter-on-quarter to R238 million and compares favourably to the R3 million reported in the prior year. The primary contributor to this result was the insurance payment and higher commercial coke sales compared to both periods. Nonetheless, production levels were fairly stable and costs well-contained. Net realised prices were higher compared to last year but were offset by lower dispatches.

Liquid steel production in Newcastle was marginally down following a longer than anticipated restart of the blast furnace after a scheduled stop to repair a taphole. At 66%, capacity utilisation was marginally lower than the 67% achieved in the preceding quarter but much higher than the 59% recorded a year ago. Steel sales were adversely affected by export volumes that declined to 295 000 tonnes from 405 000 tonnes in the previous quarter, but were stable when compared to the 271 000 tonnes reported in the third quarter of 2011.

Safety performance remains pleasing. The lost time injury frequency ("LTIFR") rate per million man-hours worked was 0.52 for the third quarter from 0.44 reported last quarter and 1.20 reported in the prior year. The third quarter marks a year since the last fatality at our sites. The year-to-date LTIFR of 0.60 is also better than the comparative 2011 rate of 1.35. The performance at Vanderbijlpark is particularly noteworthy, with an LTIFR of 0.25 for the year-to-date. In the months ahead, we will continue to focus on our Journey to Zero projects in the drive to achieve zero harm on our sites on a sustained basis.

## Key statistics

| Quarter ended 30 September 2012 | Quarter ended 30 June 2012 | Quarter ended 30 September 2011 | | Nine months ended 30 September 2012 | Year ended 31 December 2011 |
|---|---|---|---|---|---|
| **7 614** | 8 650 | 7 620 | Revenue (R million) | **25 406** | 31 453 |
| **238** | 224 | 3 | EBITDA (R million) | **1 279** | 1 720 |
| **217** | 179 | 3 | EBITDA/tonne (R/t) | **352** | 365 |
| **3.1** | 2.6 | | EBITDA margin (%) | **5.0** | 5.5 |
| **(155)** | (198) | (347) | (Loss)/profit from operations (R million) | **106** | 297 |
| **(148)** | (177) | (462) | Net (loss)/profit (R million) | **(46)** | 8 |
| **(168)** | (177) | (460) | Headline loss (R million) | **(62)** | (52) |
| **(42)** | (44) | (115) | Headline loss per share (cents) | **(15)** | (13) |
| **1 320** | 1 344 | 1 180 | Liquid steel production ('000 tonnes) | **4 047** | 5 453 |
| **1 097** | 1 249 | 1 133 | Steel sales ('000 tonnes) | **3 635** | 4 708 |
| **802** | 844 | 862 | – Local | **2 640** | 3 507 |
| **295** | 405 | 271 | – Export | **995** | 1 201 |
| **0.52** | 0.44 | 1.20 | Lost time injury frequency rate | **0.60** | 1.24 |

## Market review

**International**

A steady deterioration in global economic growth led to weak steel demand across all regions. China, which accounts for approximately 46% of global steel consumption, forecasts an economic growth rate of 7.5% this year, which is the lowest year-on-year growth projection in eight years. Europe continues to face challenging market conditions leading to a decline in industrial output, rising unemployment and low consumption demand. Developing economies – though faring relatively better – are now contending with rising inflationary pressures and the risk of an economic hard landing has increased. Recent economic data from the United States has been mixed after a promising start to the year. The housing sector began to show signs of a rebound with modest gains in recent quarters, while commercial construction activity remained stable. The environment has been somewhat more positive for Africa, especially within the sub-Saharan region, as a result of an increase in infrastructure related projects and mining activities, although its impact globally remains minimal.

**Domestic**

The South African economy remained resilient under the current global economic conditions, growing by an annualised rate of 3% in the second quarter but slowing to an estimated 2.8% in the third quarter. There were marginal improvements in key sectors of manufacturing and construction, with the mining sector continuing to register a negative growth rate of –1.8%. Domestic trading conditions have been very challenging for steel producers, mainly driven by stubbornly sluggish building and construction activity. Although there has been some uptick in orders recently within certain sections of the manufacturing sector, such as automotive and packaging, overall domestic steel demand remains weak. With the sentiment of weak prices and demand, most of the customers preferred to destock during the quarter or buy only against real consumption demand.

## Financial review

**Quarter ended 30 September 2012 compared with quarter ended 30 September 2011**

Revenue of R7.6 billion was little changed from a year ago. Total steel shipments decreased by 3%, with domestic shipments down 7% offset by higher exports of 9%. Flat steel shipments declined 8% while long products rose 9%. Average net realised prices increased by 3%. Prices for flat steel were 2% up, while long steel rose 3%. Commercial coke sales climbed 20% offset by a 6% decline in net realised prices, leading to a 7% rise in revenue from the Coke and Chemicals business to R423 million.

Cash costs of hot rolled coil decreased 6% whilst those of billets increased 5% following the delayed start-up of the blast furnace at Newcastle Works. The prices of imported coking coal and pellets were 33% and 42% lower respectively on a US dollar FOB basis and 23% and 34% respectively on a rand basis. Iron ore delivered from Thabazimbi and electricity prices each climbed 9%. Liquid steel production was 140 000 tonnes higher resulting in capacity utilisation for flat steel rising to 67% compared to last year's 64% and for long steel, 63% compared to 46%. The operating loss narrowed by 55% to a loss of R155 million.

Financing costs of R124 million for the quarter were R27 million more than prior year due to higher interest paid of R13 million and a drop in the discount rate used to determine the present value of long-term liabilities such as environmental obligations and onerous contract provisions. The company's share of the profit from equity accounted investments after taxation of R61 million compares with a loss of R145 million a year ago. The increase relates to higher income from Macsteel International Holdings BV and a lower loss from Coal of Africa Limited.

**Quarter ended 30 September 2012 compared with quarter ended 30 June 2012**

Revenue decreased 12% to R7.6 billion for the quarter. Total steel shipments fell 12%, with domestic shipments dropping 5% and exports 27%. Shipments for both flat and long steel products declined by 12%. Overall, average net realised prices remained virtually unchanged ticking up 1% although long steel prices decreased 3%. Revenue from the Coke and Chemicals business of R423 million was 14% higher following a 24% increase in commercial coke dispatches offset by a drop in net realised prices of 2%.

Cash costs of hot rolled coil and billets increased marginally, by 1% and 2% respectively. Key raw material prices softened with imported coking coal and pellets decreasing by 14% and 19% respectively on a US dollar FOB basis, while local coking coal dropped 15% and scrap 4%. This was offset by a 17% rise in electricity prices and 14% for Thabazimbi iron ore. Liquid steel production was 24 000 tonnes lower with capacity utilisation for flat steel at 67% compared to 63% the previous quarter whilst that for long steel decreased from 78% to 63%. The operating loss improved by 22% to R155 million.

Financing costs of R124 million for the quarter were R22 million more than the previous quarter due to a decrease in the discount rate on long-term liabilities. The company's share of the profit from equity accounted investments after taxation of R61 million compares with profit of R42 million due to higher income from Macsteel International Holdings BV partly offset by a higher loss from Coal of Africa Limited.

## Environment

Notwithstanding the difficult economic conditions, key environmental projects remain a focus area for the company. The new emission abatement system for Vanderbijlpark's sinter plant achieved sustainable operating results during the latter half of Q3 2012. At a total cost of R250 million, the project can be regarded as a milestone as particulate emissions will be reduced by approximately 80%.

Good progress is being achieved on the Newcastle zero effluent discharge project entailing the improvement of effluent treatment and the recovery thereof with a planned completion date of early 2014 at an estimated cost of R360 million.

The proposed carbon tax remains a major concern as it may have a significant impact on the cost of steel produced. The release of the reviewed Carbon Tax Discussion Paper as announced by the Minister of Finance is awaited in order to serve as a basis for further engagement with National Treasury.

ArcelorMittal South Africa's Vanderbijlpark Works received a Compliance Notice on 22 October 2012 from the Gauteng Department of Agriculture and Rural development ("GDARD"), instructing the company to cease the operation of certain units at its Vanderbijlpark Works. The GDARD alleges that these units do not comply with certain conditions in the Atmospheric Emission License ("AEL") issued for the site.

An application was lodged to the MEC of Agriculture and Rural Development, Ms Nandi Mayathula-Khoza to suspend the Compliance Notice where after an appeal process will follow. The company does currently comply with the conditions in the AEL that it was allegedly in breach of and this aspect together with various legal arguments serve as the basis for contesting the Compliance Notice. The company remains committed to maintain and improve its environmental performance and the recent completion of various improvement projects bear testimony to this.

## Contingent liabilities

**Wire rod matter – alleged price discrimination conduct**

On 15 January 2007, the Competition Commission ("the Commission") referred a case against the company to the Competition Tribunal ("the Tribunal"). The case relates to alleged price discrimination in wire rod. The matter is yet to be set down for a hearing before the Tribunal. The company has not previously been found guilty of a similar contravention of the Competition Act, and therefore a guilty verdict in respect of this matter will not attract any penalties.

**Long steel matter – alleged cartel conduct**

On 1 September 2009, the Commission referred a case against the company and three other primary steel producers in South Africa to the Tribunal for alleged price fixing and market division in respect of certain long steel products. The Commission has recommended the imposition of a penalty of 10% of the company's 2008 annual turnover. On 3 September 2010, the Tribunal refused access to the bulk of documentation requested by the company to file its answering affidavit, largely because of confidentiality claims placed by Scaw South Africa (Proprietary) Limited in respect of these documents. The company appealed this matter to the Competition Appeal Court ("the CAC"). On 2 April 2012, the CAC ruled essentially that the matter be referred back to the Tribunal for a hearing to determine the validity of these confidentiality claims. The Commission subsequently appealed this ruling of the CAC with the Supreme Court of Appeal. The appeal, the basis of which ArcelorMittal South Africa is opposing, is expected to be heard sometime during the first half of 2013.

**Flat steel matter – alleged conscious parallelism**

On 30 March 2012, the Commission referred a restrictive horizontal practice case against the company and Evraz Highveld Steel and Vanadium Limited ("Highveld Steel") to the Tribunal for adjudication. This relates to alleged price fixing and market allocation in respect of flat steel products. The form of price fixing alleged by the Commission in this instance is one based on the "conscious parallelism" phenomenon. This mainly relates to Highveld Steel increasing its prices each time ArcelorMittal South Africa increases its prices. ArcelorMittal South Africa strongly rejects all allegations by the Commission and will defend itself. The Commission has recommended to the Tribunal to impose a penalty of 10% of the company's 2008 annual turnover.

## Competition Commission investigations

The Commission is formally investigating three (previously five) complaints against the company. The first involves alleged prohibited vertical practices in respect of purchases of scrap steel. The second appears to involve an extension of the wire rod matter described under contingent liabilities, to include another alleged contravention – exclusionary conduct – as well as a later period, both of which were not covered in the initial wire rod referral. The third relates to alleged excessive pricing of tinplate as well as flat steel. Joined to this investigation is an investigation into alleged excessive pricing arising from the iron ore surcharge introduced for the period May 2010 to July 2010. The company is cooperating fully with the Commission in all these investigations and continues to deliver all information and documentation to the competition authorities as and when called upon to do so.

## Dispute with Sishen Iron Ore Company Proprietary Limited ("SIOC")

Judgement in the High Court application to review the award of mineral rights to Imperial Crown Trading 289 (Proprietary) Limited ("ICT") by the Department of Mineral Resources ("DMR") was delivered in December 2011. The judge found, as argued by the company that SIOC was awarded 100% of the mining rights in the Sishen mine and therefore the award of ICT was invalid. ICT and the DMR subsequently lodged an application for leave to appeal the decision. SIOC also submitted a conditional cross appeal. The application for leave to appeal was heard on 11 May 2012 and granted. The appeal is expected to be heard by the Supreme Court of Appeal sometime during the first half of 2013.

The arbitration regarding the dispute between SIOC and the company relating to the supply agreement remains postponed until the finalisation of the above appeal process. The Interim Pricing Agreement (IPA), which the company and SIOC had entered into following the dispute, expired on 31 July 2012. For the period August 2012 to December 2012, the parties agreed on the supply of tonnages short supplied to ArcelorMittal during the previous year.

The company and SIOC are continuing to engage with one another, through mediation facilitated by the Department of Trade and Industry, for the continued supply of iron ore after 31 December 2012 and until the finalisation of the arbitration between the parties.

## Condensed group statement of comprehensive income

| Quarter ended 30 September 2012 | Quarter ended 30 June 2012 | Quarter ended 30 September 2011 | In millions of rand | Nine months ended 30 September 2012 | Year ended 31 December 2011 Audited |
|---|---|---|---|---|---|
| **7 614** | 8 650 | 7 620 | **Revenue** | **25 406** | 31 453 |
| **(4 731)** | (5 163) | (4 453) | Raw materials and consumables used | **(15 005)** | (19 886) |
| **(820)** | (920) | (813) | Employee costs | **(2 542)** | (3 164) |
| **(932)** | (809) | (856) | Energy | **(2 473)** | (3 177) |
| **365** | (38) | (85) | Movement in inventories of finished goods and work in progress | **(132)** | 1 733 |
| **(389)** | (418) | (346) | Depreciation | **(1 162)** | (1 409) |
| **(4)** | (4) | (4) | Amortisation of intangible assets | **(11)** | (14) |
| **(1 258)** | (1 496) | (1 410) | Other operating expenses | **(3 975)** | (5 239) |
| **(155)** | (198) | (347) | **(Loss)/profit from operations** | **106** | 297 |
| **4** | 2 | 7 | Finance and investment income | **10** | 31 |
| **(124)** | (102) | (97) | Finance costs | **(301)** | (292) |
| **16** | (8) | 23 | Net foreign exchange (losses)/gains | **(9)** | 124 |
| **61** | 42 | (145) | Income/(loss) from equity accounted investments (net of tax) | **112** | (34) |
| **(198)** | (264) | (559) | **(Loss)/profit before tax** | **(82)** | 126 |
| **50** | 87 | 97 | Income tax credit/(charge) | **36** | (118) |
| **(148)** | (177) | (462) | **(Loss)/profit for the period** | **(46)** | 8 |
| | | | **Other comprehensive income** | | |
| **(16)** | 121 | 268 | Exchange differences on translation of foreign operations | **11** | 315 |
| **(9)** | (3) | (2) | Losses on available-for-sale investment taken to equity | **(33)** | (12) |
| **(6)** | 5 | 154 | Share of other comprehensive loss of equity accounted investments | **(8)** | 7 |
| **(179)** | (54) | (42) | **Total comprehensive (loss)/income for the period** | **(76)** | 318 |
| | | | **(Loss)/profit attributable to:** | | |
| **(148)** | (177) | (462) | Owners of the company | **(46)** | 8 |
| | | | **Total comprehensive (loss)/income attributable to:** | | |
| **(179)** | (54) | (42) | Owners of the company | **(76)** | 318 |
| | | | **Attributable (loss)/earnings per share (cents)** | | |
| **(37)** | (44) | (114) | – basic | **(12)** | 2 |
| | | | **Reconciliation of headline (loss)/earnings** | | |
| **(148)** | (177) | (462) | (Loss)/profit for the period | **(46)** | 8 |
| | | | Adjusted for: | | |
| **(18)** | | 3 | (Profit)/loss on disposal or scrapping of assets | **(13)** | (82) |
| **(2)** | | (1) | Tax effect | **(3)** | 22 |
| **(168)** | (177) | (460) | Headline loss | **(62)** | (52) |
| **(42)** | (44) | (115) | Headline loss per share (cents) | **(15)** | (13) |
| | | | **Reconciliation of earnings before interest, taxation, depreciation and amortisation (EBITDA)** | | |
| **(155)** | (198) | (347) | (Loss)/profit from operations | **106** | 297 |
| | | | Adjusted for: | | |
| **389** | 418 | 346 | Depreciation | **1 162** | 1 409 |
| **4** | 4 | 4 | Amortisation of intangible assets | **11** | 14 |
| **238** | 224 | 3 | **EBITDA** | **1 279** | 1 720 |

## Condensed group statement of financial position

| In millions of rand | As at 30 September 2012 | As at 30 June 2012 Reviewed | As at 30 September 2011 | As at 31 December 2011 Audited |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | **19 323** | 19 335 | 18 998 | 19 573 |
| Property, plant and equipment | **16 017** | 16 126 | 16 304 | 16 618 |
| Intangible assets | **117** | 118 | 81 | 126 |
| Equity accounted investments | **3 165** | 3 056 | 2 546 | 2 772 |
| Other financial assets | **24** | 35 | 67 | 57 |
| **Current assets** | **12 629** | 12 660 | 12 920 | 12 849 |
| Inventories | **9 038** | 8 762 | 9 232 | 9 935 |
| Trade and other receivables | **3 282** | 3 327 | 2 392 | 2 374 |
| Taxation | **11** | 18 | | 100 |
| Other financial assets | **14** | 3 | 20 | 1 |
| Bank balances and cash | **284** | 550 | 1 276 | 439 |
| **Total assets** | **31 952** | 31 995 | 31 918 | 32 422 |
| **Equity and liabilities** | | | | |
| **Shareholders' equity** | **22 605** | 22 782 | 22 842 | 22 669 |
| Stated capital | **37** | 37 | 37 | 37 |
| Non-distributable reserves | **(2 137)** | (2 169) | (2 322) | (2 231) |
| Retained income | **24 705** | 24 914 | 25 127 | 24 863 |
| **Non-current liabilities** | **4 450** | 4 466 | 4 458 | 4 474 |
| Borrowings and other payables | **259** | 254 | 227 | 241 |
| Finance lease obligations | **464** | 450 | 471 | 451 |
| Deferred income tax liability | **2 166** | 2 223 | 2 246 | 2 310 |
| Provision for post-retirement medical costs | **7** | 7 | 7 | 7 |
| Non-current provisions | **1 554** | 1 532 | 1 507 | 1 465 |
| **Current liabilities** | **4 897** | 4 747 | 4 618 | 5 279 |
| Trade and other payables | **4 186** | 4 293 | 3 957 | 4 644 |
| Borrowings and other payables | **155** | 148 | 104 | 151 |
| Finance lease obligations | **53** | 55 | 52 | 57 |
| Taxation | | | 124 | |
| Current provisions | **280** | 251 | 381 | 427 |
| Bank overdraft | **223** | | | |
| **Total equity and liabilities** | **31 952** | 31 995 | 31 918 | 32 422 |

## Acquisitions

The final approval of the transaction involving the iron ore exploration project in the Northern Cape by the Minister in terms of the Minerals and Petroleum Resources Development Act, No 28 of 2002, was received. The exploration programme is progressing according to plan and this should be concluded by first quarter 2013.

## Dividends

No dividends were declared for the nine months ended 30 September 2012.

## Outlook for fourth quarter 2012

The earnings loss for the fourth quarter is expected to be substantially more than quarter three due to the seasonal slowdown in domestic demand during December, aggravated by production losses following an extended taphole repair of the blast furnace at Newcastle Works, partially offset by lower prices for some raw materials especially, imported coal and pellets. The recent weakening of the Rand/US Dollar exchange rate, to the extent sustained, will have a positive impact.

## Basis of preparation

The condensed consolidated financial statements have been prepared in compliance with the Listings Requirements of the JSE Limited, International Accounting Standards (IAS) 34, Interim Financial Reporting and the South African Companies Act, No. 71 of 2008, as well as the AC500 Standards as issued by Accounting Practices Board. These statements were compiled under supervision of Mr RH Torlage, the Chief Financial Officer.

On behalf of the board

**N Nyembezi-Heita**
Chief Executive Officer

**RH Torlage**
Chief Financial Officer

23 October 2012


**ArcelorMittal South Africa Limited**
Registration number: 1989/002164/06
Share code: ACL ISIN: ZAE 000134961
("ArcelorMittal South Africa", "the Company" or "the Group")

**Registered office**
ArcelorMittal South Africa Limited, Room N3-5, Main Building, Delfos Boulevard, Vanderbijlpark, 1911

**Directors**
**Non-executive:**
MJN Njeke* (Chairman), DK Chugh■, FA du Plessis*, M Macdonald*, S Maheshwari■, LP Mondi, DCG Murray*, ND Orleyn*, G Urquijo°
■ Citizen of India ° Citizen of Spain * Independent non-executive

**Executive:**
N Nyembezi-Heita (Chief Executive Officer), RH Torlage (Chief Financial Officer)

**Company Secretary**
Premium Corporate Consulting Services (Proprietary) Limited

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

**Transfer Secretaries**
Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, Johannesburg, 2107


## Condensed group statement of cash flows

| Quarter ended 30 September 2012 | Quarter ended 30 June 2012 | Quarter ended 30 September 2011 | In millions of rand | Nine months ended 30 September 2012 | Year ended 31 December 2011 Audited |
|---|---|---|---|---|---|
| **(146)** | 933 | (909) | **Cash (outflow)/inflow from operating activities** | **481** | (1 412) |
| **(97)** | 978 | (627) | Cash generated (utilised in)/from operations | **662** | (879) |
| **3** | 2 | 7 | Interest income | **9** | 29 |
| **(36)** | (41) | (23) | Finance cost | **(127)** | (103) |
| | | (221) | Dividend paid | | (221) |
| | | | Income tax paid | **(20)** | (243) |
| **(16)** | (6) | (45) | Realised foreign exchange movement | **(43)** | 5 |
| **(284)** | (331) | (350) | **Cash outflows from investing activities** | **(714)** | (1 212) |
| **(194)** | (117) | (244) | Investment to maintain operations | **(390)** | (924) |
| **(21)** | (16) | (85) | Investment to expand operations | **(52)** | (266) |
| **(71)** | (202) | (21) | Shares acquired in associate and equity accounted investment | **(278)** | (180) |
| **1** | 3 | | Proceeds on disposal of assets | **4** | 106 |
| **1** | 1 | | Investment income – interest | **2** | 2 |
| | | | Dividend from equity accounted investments | | 50 |
| **(430)** | 602 | (1 259) | **Net cash (outflow)/inflow** | **(233)** | (2 624) |
| **(77)** | (53) | (189) | **Cash outflows from financing activities** | **(170)** | (616) |
| **(77)** | (53) | (189) | Repayment of borrowings, finance lease obligations and other payables | **(170)** | (616) |
| **(507)** | 549 | (1 448) | **(Decrease)/increase in cash and cash equivalents** | **(403)** | (3 240) |
| **18** | 3 | 101 | Effect of foreign exchange rate changes | **25** | 173 |
| **550** | (2) | 2 623 | **Cash and cash equivalents at beginning of period** | **439** | 3 506 |
| **61** | 550 | 1 276 | **Cash and cash equivalents at end of period** | **61** | 439 |

## Condensed group statement of changes in equity

| | Stated capital | Treasury share equity reserve | Other reserves | Retained earnings | Total |
|---|---|---|---|---|---|
| **Quarter ended 30 September 2011** | | | | | |
| Balance as at 30 June 2011 | 37 | (3 918) | 1 317 | 25 665 | **23 101** |
| Total comprehensive loss | | | 420 | (462) | **(42)** |
| Management share trust: net of treasury share purchases | | | (1) | | **(1)** |
| Share-based payment reserve | | | 5 | | **5** |
| Transfer of equity accounted earnings | | | (145) | 145 | |
| Dividend paid | | | | (221) | **(221)** |
| **Balance as at 30 September 2011** | 37 | (3 918) | 1 596 | 25 127 | **22 842** |
| **Quarter ended 30 June 2012** | | | | | |
| Balance as at 31 March 2012 | 37 | (3 918) | 1 579 | 25 133 | **22 831** |
| Total comprehensive loss | | | 123 | (177) | **(54)** |
| Share-based payment reserve | | | 5 | | **5** |
| Transfer of equity accounted earnings | | | 42 | (42) | |
| **Balance as at 30 June 2012 (Reviewed)** | 37 | (3 918) | 1 749 | 24 914 | **22 782** |
| **Quarter ended 30 September 2012** | | | | | |
| Balance as at 30 June 2012 | 37 | (3 918) | 1 749 | 24 914 | **22 782** |
| Total comprehensive loss | | | (31) | (148) | **(179)** |
| Share-based payment reserve | | | 2 | | **2** |
| Transfer of equity accounted earnings | | | 61 | (61) | |
| **Balance as at 30 September 2012** | 37 | (3 918) | 1 781 | 24 705 | **22 605** |

## Segment information

**Flat Steel Products**

| Quarter ended 30 September 2012 | Quarter ended 30 June 2012 | Quarter ended 30 September 2011 | | Nine months ended 30 September 2012 | Year ended 31 December 2011 Audited |
|---|---|---|---|---|---|
| **4 996** | 5 617 | 5 281 | Revenue (R million) | **16 283** | 21 793 |
| **4 732** | 5 408 | 5 034 | – External | **15 736** | 21 092 |
| **264** | 209 | 247 | – Internal | **547** | 701 |
| **11** | (51) | (232) | EBITDA (R million) | **40** | 597 |
| **316** | 347 | 276 | Depreciation and amortisation (R million) | **948** | 1 133 |
| **(305)** | (398) | (508) | Loss from operations (R million) | **(908)** | (536) |
| **958** | 894 | 918 | Liquid steel production ('000 tonnes) | **2 834** | 4 060 |
| **733** | 837 | 798 | Steel sales ('000 tonnes) | **2 438** | 3 424 |
| **550** | 553 | 588 | – Local | **1 749** | 2 468 |
| **183** | 284 | 210 | – Export | **689** | 956 |
| **67** | 63 | 64 | Capacity utilisation (%) | **65** | 71 |

**Long Steel Products**

| Quarter ended 30 September 2012 | Quarter ended 30 June 2012 | Quarter ended 30 September 2011 | | Nine months ended 30 September 2012 | Year ended 31 December 2011 Audited |
|---|---|---|---|---|---|
| **2 929** | 3 116 | 2 322 | Revenue (R million) | **9 829** | 9 514 |
| **2 459** | 2 870 | 2 199 | – External | **8 321** | 8 044 |
| **470** | 246 | 123 | – Internal | **1 508** | 1 470 |
| **54** | 203 | 65 | EBITDA (R million) | **778** | 500 |
| **75** | 74 | 66 | Depreciation and amortisation (R million) | **220** | 269 |
| **(21)** | 129 | (1) | (Loss)/profit from operations (R million) | **558** | 231 |
| **362** | 450 | 262 | Liquid steel production ('000 tonnes) | **1 213** | 1 393 |
| **364** | 412 | 335 | Steel sales ('000 tonnes) | **1 197** | 1 284 |
| **252** | 291 | 274 | – Local | **891** | 1 039 |
| **112** | 121 | 61 | – Export | **306** | 245 |
| **63** | 78 | 46 | Capacity utilisation (%) | **75** | 61 |

**Coke and Chemicals**

| Quarter ended 30 September 2012 | Quarter ended 30 June 2012 | Quarter ended 30 September 2011 | | Nine months ended 30 September 2012 | Year ended 31 December 2011 Audited |
|---|---|---|---|---|---|
| **429** | 372 | 400 | Revenue (R million) | **1 377** | 2 378 |
| **423** | 372 | 387 | – External | **1 349** | 2 317 |
| **6** | | 13 | – Internal | **28** | 61 |
| **110** | 45 | 160 | EBITDA (R million) | **360** | 870 |
| **9** | 9 | 14 | Depreciation and amortisation (R million) | **28** | 52 |
| **101** | 36 | 146 | Profit from operations (R million) | **332** | 818 |
| **54** | 134 | 162 | Commercial coke produced ('000 tonnes) | **322** | 633 |
| **110** | 89 | 92 | Commercial coke sales ('000 tonnes) | **343** | 631 |
| **25** | 26 | 27 | Tar sales ('000 tonnes) | **81** | 117 |

**Corporate and other**

| Quarter ended 30 September 2012 | Quarter ended 30 June 2012 | Quarter ended 30 September 2011 | | Nine months ended 30 September 2012 | Year ended 31 December 2011 Audited |
|---|---|---|---|---|---|
| **63** | 27 | 10 | Operating profit/(loss) before depreciation and amortisation (R million) | **101** | (247) |
| **(7)** | (8) | (6) | Depreciation and amortisation credit (R million) | **(23)** | (31) |
| **70** | 35 | 16 | Profit/(loss) from operations (R million) | **124** | (216) |

**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).

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BASTION GRAPHICS