Reviewed condensed consolidated financial statements
for the six months period ended 30 June 2015

This report is available on ArcelorMittal South Africa's website at:
http://www.arcelormittal.com/southafrica/

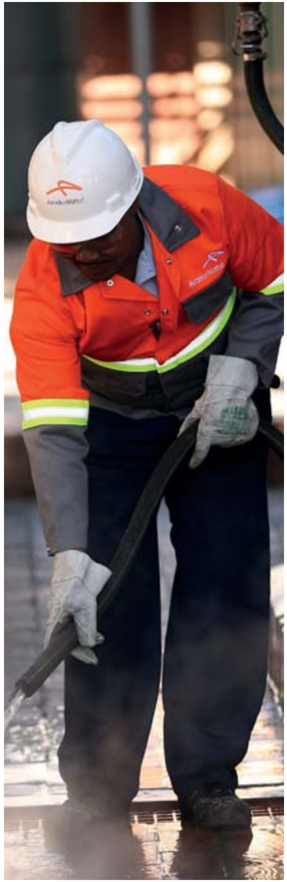
Share queries:
Please call the ArcelorMittal South Africa share care toll free on 0800 006 960 or +27 11 370 7850

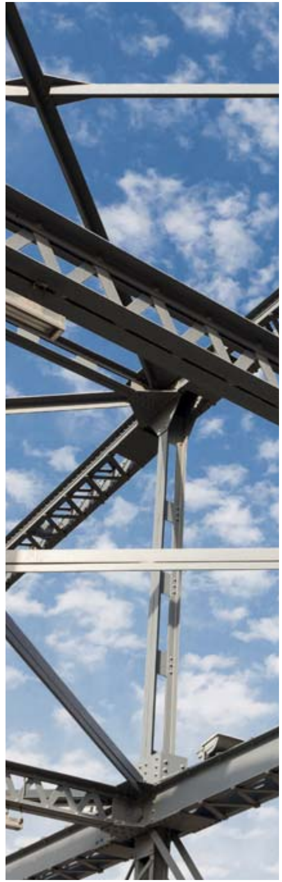
ArcelorMittal South Africa Limited

Registration number: 1989/002164/06

Share code: ACL ISIN: ZAE 000134961

("ArcelorMittal South Africa", "the company" or "the group")





→ Focus on sustainability

Overview

The global demand for steel deteriorated further in 2015 due to the deceleration of the Chinese economy. China, the world's largest consumer of steel, continues to experience negative growth and with major structural adjustments in most economies, the prospects for growth in the global steel market are likely to remain low. Commodity prices declined significantly as a consequence of slower growth in developing countries. As a consequence, the steel industry is now focused on increasing margins through operational efficiencies and demonstrating the value that steel products generate for the customer and society. The weaker demand for steel also contributed to significantly lower iron ore prices.

Locally, the economy is nearly at a standstill due to electricity supply constraints, infrastructure development delays and the low spending in the mining sector. The private consumer is also under pressure due to rising fuel and electricity prices coupled with high unemployment rates. South African companies have now opted to focus on investments that increase productivity to compensate for salary increases rather than invest in growth projects.

Our liquid steel production was 2.6 million tonnes, an increase of 177 000 tonnes compared to the comparative period. The completion of the blast furnace reline at Newcastle contributed to this improvement. Capacity utilisation improved from 74% to 80%.

Total sales volumes were down by 7% (163 000 tonnes) compared to the comparative period driven by a 29% decrease in export sales due to unfavourable export prices. This was offset by an increase of 2% in domestic sales.

Safety is still our number one priority. Notwithstanding our quest to achieve zero fatalities and injuries, one fatal incident occurred on 29 June 2015. We continue to emphasise and reinforce our efforts in ensuring the safety of our employees and contractors.

Headline loss was R109 million compared to a headline loss of R6 million in the comparative period. EBITDA was R715 million, a decrease of R95 million. The net loss of R111 million is R96 million more when compared to the prior comparative period's net loss of R15 million which was driven primarily by the lower sales volumes.

The increase in the net borrowing position to R2 522 million reflects the difficult trading conditions in the steel industry.

Key statistics

Six months ended 30 June 2015 Reviewed	Six months ended 30 June 2014 Reviewed	Six months ended 31 December 2014 Unaudited		Year ended 31 December 2014 Audited
16 443	17 927	16 925	Revenue (R million)	34 852
7 209	7 237	7 432	Average net realisable price (R/t) (unaudited)	7 332
7 740	7 798	8 057	EBITDA cost/tonne (R/t) (unaudited)	7 923
715	810	448	EBITDA (R million)	1 258
352	369	219	EBITDA/tonne (R/t) (unaudited)	297
4.3	4.5	2.6	EBITDA margin (%)	3.6
(111)	(15)	(143)	Net loss (R million)	(158)
(28)	(4)	(36)	Loss per share (cents)	(39)
(109)	(6)	(221)	Headline loss (R million)	(227)
(27)	(2)	(55)	Headline loss per share (cents)	(57)
(2 522)	(594)	(546)	Net borrowings	(546)
			Unaudited information	
2 563	2 386	2 132	Liquid steel production ('000 tonnes)	4 518
2 032	2 195	2 045	Steel sales ('000 tonnes)	4 240
1 561	1 534	1 468	– Local	3 002
471	661	577	– Export	1 238
252	208	258	Commercial coke sales ('000 tonnes)	466
80	74	65	Capacity utilisation (%)	70
0.43	0.54	0.62	Lost time injury frequency rate	0.58

Market review

International

Overcapacity in the Chinese steel market and its continued influence on the global steel demand is negatively affecting steel price trends globally. This is exacerbated by the continued slowdown in the overall Chinese economy, and its new focus towards the consumer-driven economy rather than the highly infrastructure-oriented focus of the past. To this end, the global steel market remains under pressure.

Although the African markets remain positive due to the drive towards infrastructure investments in specific regions such as the West and East sub-Saharan regions, the impact on the global market is minimal.

Domestic

The South African economy, in particular the manufacturing sector, continues to decline as the domestic market has been hit from all sides due to the rising cheap imports and high operational costs. The difficult operating environment can be attributed to extremely weak local demand, poor rail infrastructure, and the rising labour and energy costs, coupled with electricity supply disruption. SA's second largest steel maker, Evraz Highveld, has applied for business rescue and this reflects the difficult operating environment faced by the steel industry. There is an urgent need for government policy to support South African steel producers.

As stakeholders are aware, management has been working very closely with government to ensure that the South African steel industry is sustainable in the medium and long term. The company's view is that excess global steel capacity, low global iron ore prices and low steel prices are the new reality and the company needs to change the way it operates in that environment.

Import tariffs and designation of primary steel for localisation are key elements that need to be addressed by government in the short term to ensure the sustainability of the domestic steel industry.

On the company's side, it is critical that it continues to focus on low-cost, efficient production. It has made strides in this regard in the first six months of 2015, but is not there yet.

The company currently operates in an environment where it does not benefit from low seaborne/global iron ore prices due to its current agreement with Kumba, this needs to be addressed urgently. Transnet's performance has improved significantly in the six months, but continual, virtual daily load shedding by Eskom continues to hamper the company's performance.

Financial review

Six months ended 30 June 2015 compared to six months ended 30 June 2014 (reviewed)

Revenue decreased 8% to R16.4 billion following a 7% decrease in sales volumes. Export shipments were down 29% with local shipments up 2%. Flat steel shipments were down 10% and long steel by 2%. In rand terms, total net realised prices remained flat with domestic prices down 3% while exports were up 2%. Revenue from the Coke and Chemicals business decreased by 3% to R990 million. The decrease was driven by lower prices despite an overall increase in volumes. Sales volumes for commercial coke increased by 21% while prices decreased by 3%. Tar sales volumes decreased by 11% offset by price increases of 5%.

Cash costs per ton of liquid steel produced decreased by 2% from R6 586 to R6 431. Raw materials, consisting of iron ore, coal and scrap, which together account for approximately 48% of costs, decreased 8%. Consumables and auxiliaries, which accounted for approximately 28% of costs, increased by 6%, while fixed costs per ton decreased by 1% despite having benefited from a volume increase of 7% on liquid steel produced.

EBITDA costs per ton decreased 1% (R7 740 compared to R7 798) with Newcastle now weighing heavier in the mix following increased utilisation and less externally sourced steel being utilised. EBITDA margin remained the same.

Liquid steel production was 177 000 tonnes higher or 7% of which long steel production was up 28% while flat steel was at the same level. Capacity utilisation for long steel improved from 58% to 75% after the reline of the blast furnace in Newcastle.

Headline loss increased to R109 million compared to a headline loss of R6 million and is comprised of the following items:

- EBITDA was R715 million compared to R810 million in the previous year due to the impact of lower sales volumes;
- Net financing costs increased to R352 million compared to R207 million. This was due to the increased borrowings and higher foreign exchange losses following the deterioration of the rand; and
- Share of profit from equity-accounted investments after taxation increased by R58 million to R160 million. The increase relates to better results from Macsteel International Holding BV and the weakening of the exchange rate.

Financial review continued

Six months ended 30 June 2015 compared to six months ended 31 December 2014 (unaudited)

Revenue decreased 3% to R16.4 billion following a 3% decrease in average net realised prices. Domestic and export prices were down 5% and 1% respectively. Prices for flat steel remained the same while long steel was down by 10%. Total steel shipments were down 1% with local shipments up 6% while exports were down 18%. Shipments for flat products decreased 8% while long products increased 18%. Revenue from the Coke and Chemicals business of R990 million was 3% lower following a 22% decrease in commercial coke sales volumes and a 3% increase in net realised prices. Tar sales volumes were down 18% while prices increased 6%.

Cash costs per ton of liquid steel produced increased by 3% period-on-period from R6 252 to R6 431. Raw materials, consisting of iron ore, coal and scrap, which together account for approximately 48% of costs, increased by 4%. Consumables and auxiliaries, which accounted for 28% of costs, decreased by 3%, while fixed costs increased by 8% on a rand per ton basis. EBITDA costs per ton decreased 4% from R8 057 to R7 740 with Newcastle now weighing heavier in the mix following increased utilisation and less externally sourced steel being utilised. Our EBITDA margin improved from 2.6% to 4.3%.

Liquid steel production was 431 000 tonnes better of which long steel production was up 591 000 tonnes due to the completion of the Newcastle furnace reline at the end of 2014, while flat steel was down 160 000 tonnes. Capacity utilisation for long steel was higher at 75% compared to 23% in the prior period while for flat steel it remained the same.

The above contributed to an overall EBITDA increase of R267 million to R715 million.

Environment (unaudited)

Notwithstanding the tough economic conditions the company operates under, key environmental projects remain a focus area in order to ensure environmental compliance. The most important project in this regard is the Newcastle zero effluent discharge project which entails the improvement of effluent treatment and the recovery thereof. This project, which was completed in 2014 at a cost of R430 million, is currently in its final stages of commissioning. The effluent recovery and treatment systems at our Vanderbijlpark Works are currently being improved at a cost of R88 million to ensure sustained compliance levels regarding certain conditions in its Water Use Licence. This project should be completed towards the end of 2015.

The proposed implementation of a carbon tax by the National Treasury remains a concern as the company's competitiveness may be affected. Very limited opportunities exist to reduce carbon emissions in the iron and steel production process and no feasible low carbon alternatives exist to produce steel from iron ore. Therefore we still maintain that the intention of the carbon tax to change behaviour cannot be realised within the iron and steel industry. We will actively participate in the Department of Environmental Affairs' Carbon Budget setting process during the second half of 2015 to seek alignment.

Contingent liabilities

As reported in prior periods, and dating back to 2007, the Competition Commission (the Commission) has referred five cases against ArcelorMittal South Africa Limited (ArcelorMittal South Africa) to the Competition Tribunal (the Tribunal) for prosecution.

In addition, the Commission is formally investigating one further complaint against ArcelorMittal South Africa relating to alleged excessive pricing of tinplate and flat steel in general. Joined to this investigation is an investigation into alleged excessive pricing arising from the iron ore surcharge introduced by ArcelorMittal South Africa for the period May 2010 to July 2010. ArcelorMittal South Africa is cooperating fully with the Commission in this investigation and continues to deliver all information and documentation as and when called upon to do so.

Dividends

No dividends were declared for the six months ended 30 June 2015.

Changes to the board of directors

Matthias Wellhausen resigned as chief financial officer and executive director of the company and Gerhard van Zyl was appointed as acting chief financial officer with effect from 15 March 2015. Dean Subramanian was appointed as chief financial officer and executive director of the company with effect from 1 August 2015.

Sudhir Maheshwari resigned as non-executive director with effect from 31 March 2015.

Gonzalo Urquijo resigned as non-executive director with effect from 8 June 2015.

Marc Vereecke and Ramesh Kothari were appointed as non-executive directors with effect from 11 June 2015.

Fran du Plessis resigned as non-executive director with effect from 22 July 2015.

Outlook for the second half of 2015 (unaudited)

We expect international prices for steel to remain low and, with the slowdown in the economy, trading conditions are likely to remain depressed.

On behalf of the board of directors

PS O'Flaherty

Chief executive officer

22 July 2015

Independent auditor's review report on interim financial statements

TO THE SHAREHOLDERS OF ARCELORMITTAL SOUTH AFRICA LIMITED

We have reviewed the condensed consolidated financial statements of ArcelorMittal South Africa Limited, contained in the accompanying interim report, which comprise the condensed consolidated statement of financial position as at 30 June 2015 and the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six months then ended, and selected explanatory notes.

Directors' responsibility for the interim financial statements

The directors are responsible for the preparation and presentation of these interim financial statements in accordance with International Financial Reporting Standard (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on these interim financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained. The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Independent auditor's review report on interim financial statements continued

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements of ArcelorMittal South Africa Limited for the six months ended 30 June 2015 are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

Emphasis of matter

Without qualifying our conclusion, we draw attention to notes 2 and 13 to the condensed consolidated financial statements which set out management's plans and initiatives which, should they not materialise, along with other matters, may cast significant doubt on the company's and the group's ability to continue as a going concern in its current structure and/or the ability to recover the carrying values of its property, plant and equipment.

Deloitte & Touche

Deloitte & Touche
Registered Auditor

Per: M Mantyi
Partner

28 July 2015

Buildings 1 and 2, Deloitte Place, The Woodlands, Woodlands Drive, Woodmead, Sandton, South Africa

Condensed consolidated statement of comprehensive income

Six months ended 30 June 2015 Reviewed	Six months ended 30 June 2014 Reviewed	Six months ended 31 December 2014 Unaudited	In millions of rand	Year ended 31 December 2014 Audited
16 443	17 927	16 925	**Revenue**	34 852
(10 954)	(10 772)	(10 567)	Raw materials and consumables used	(21 339)
(1 826)	(1 873)	(1 891)	Employee costs	(3 764)
(1 855)	(1 661)	(1 805)	Energy	(3 466)
1 597	(63)	355	Movement in inventories of finished goods and work in progress	292
(676)	(639)	(747)	Depreciation	(1 386)
(12)	(12)	(12)	Amortisation of intangible assets	(24)
(2 690)	(2 748)	(2 718)	Other operating expenses	(5 466)
27	159	(460)	**Profit/(loss) from operations**	(301)
66	45	(28)	Finance and investment income	17
(418)	(252)	(353)	Finance costs	(605)
–	–	80	Gain recognised on loss of interest over former associate	80
160	102	89	Income from equity-accounted investments (net of tax)	191
(165)	54	(672)	**(Loss)/profit before tax**	(618)
54	(69)	529	Income tax credit/(expense)	460
(111)	(15)	(143)	**Loss for the period**	(158)
			Other comprehensive income/(loss)	
			Items that may be reclassified subsequently to profit or loss:	
209	43	402	Exchange differences on translation of foreign operations	445
60	(3)	(26)	Gains/(losses) on available-for-sale investment taken to equity	(29)
71	(6)	(247)	Share of other comprehensive income/(loss) of equity-accounted investments	(253)
229	19	(14)	**Total comprehensive income/(loss) for the period**	5
			Loss attributable to:	
(111)	(15)	(143)	Owners of the company	(158)
			Total comprehensive income/(loss) attributable to:	
229	19	(14)	Owners of the company	5
			Attributable loss per share (cents)	
(28)	(4)	(36)	– basic	(39)
(28)	(4)	(36)	– diluted	(39)

Condensed consolidated statement of financial position

As at 30 June 2015 Reviewed	30 June 2014 Reviewed	In millions of rand	As at 31 December 2014 Audited
		Assets	
20 755	18 923	**Non-current assets**	20 225
15 719	14 936	Property, plant and equipment	16 001
122	143	Intangible assets	135
4 037	3 830	Equity-accounted investments	4 031
458	–	Payments made in advance (note 5)	–
419	14	Other financial assets	58
14 508	13 668	**Current assets**	12 801
11 493	10 396	Inventories	10 684
2 232	2 791	Trade and other receivables	1 562
73	72	Taxation	64
20	3	Other financial assets	37
14	–	Payments made in advance (note 5)	–
378	406	Cash and bank balances	454
14 210	13 668		12 801
298	–	Non-current asset held for sale (note 6)	–
35 263	**32 591**	**Total assets**	**33 026**
		Equity and liabilities	
20 966	20 723	**Shareholders' equity**	20 722
37	37	Stated capital	37
(899)	(1 521)	Non-distributable reserves	(1 294)
21 828	22 207	Retained income	21 979
3 288	4 036	**Non-current liabilities**	3 441
223	258	Other payables	261
225	289	Finance lease obligations	256
1 142	1 754	Deferred income tax liability	1 204
1 698	1 735	Non-current provisions	1 720
11 009	7 832	**Current liabilities**	8 863
6 558	5 589	Trade payables	6 400
2 900	1 000	Borrowings	1 000
71	96	Finance lease obligations	92
–	59	Taxation	18
282	355	Current provisions	573
1 192	732	Other payables	769
6	1	Other financial liabilities	11
35 263	**32 591**	**Total equity and liabilities**	**33 026**

Condensed consolidated statement of cash flows

Six months ended 30 June 2015 Reviewed	Six months ended 30 June 2014 Reviewed	Six months ended 31 December 2014 Unaudited	In millions of rand	Year ended 31 December 2014 Audited
(1 086)	(101)	1 845	**Cash (outflow)/inflows from operating activities**	1 744
(727)	109	2 096	Cash (utilised)/generated from operations	2 205
4	7	5	Interest income	12
(242)	(161)	(211)	Finance cost	(372)
(35)	(31)	(53)	Income tax paid	(84)
(86)	(25)	8	Realised foreign exchange movement	(17)
(835)	(815)	(1 793)	**Cash outflows from investing activities**	(2 608)
(630)	(846)	(1 794)	Investment to maintain operations	(2 640)
(26)	(20)	(53)	Investment to expand operations	(73)
(306)	(5)	42	(Increase)/decrease in equity-accounted and other investments	37
4	–	1	Proceeds from disposal of assets	1
3	3	3	Investment income – interest	6
120	53	8	Dividend from equity-accounted investments	61
1 848	91	(14)	**Cash inflows/(outflows) from financing activities**	77
1 848	91	(14)	Increase/(decrease) in borrowings and finance lease obligations	77
(73)	(825)	38	**(Decrease)/increase in cash and cash equivalents**	(787)
(3)	40	10	Effect of foreign exchange rate changes	50
454	1 191	406	**Cash and cash equivalents at beginning of period**	1 191
378	406	454	**Cash and cash equivalents at end of period**	454

Notes to the reviewed condensed consolidated financial statements for the period ended 30 June 2015

1. Basis of preparation

The condensed consolidated financial statements were prepared in accordance with the International Financial Reporting Standard (IAS) 34 *Interim Financial Reporting* and the South African Companies Act, No 71 of 2008, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council. These statements were compiled under the supervision of Mr GJ van Zyl, the acting chief financial officer.

2. Going concern

The company's funding plan for the next 12 months takes into account continued efforts in cost reduction, matching production to meet demand through capacity reduction, the cut-back of non-essential capital expenditure, liquidation of excessive stocks, the sale of redundant assets, continued support from ArcelorMittal Group and the continuation of the current borrowing facilities in place.

In the current plan the company is also intending to convert its short-term borrowing facilities to medium-term debt and will be going to the market to roll out this programme in the next 12 months with the full support of the ArcelorMittal Group.

Based on the above plans and initiatives, the Board believes that the company is a going concern over the next 12 months as its expected working capital resources, by way of cash generated from operations together with current undrawn secured facilities as well as specific cash initiatives outlined above, are sufficient to meet the company's present working capital and capital expenditure needs during that period.

Similarly, these initiatives inform the Board's long term forecasts for business sustainability and obviate the need for any impairment of business assets at this time.

H2 2015 will see a fundamental change in South Africa and without import tariffs and steel localisation, the steel industry and the company will need to undertake significant structural change.

3. Significant accounting policies

The condensed consolidated financial statements were prepared using accounting policies that comply with International Financial Reporting Standards. The accounting policies and methods of computation applied in the presentation of these condensed financial statements are consistent with those applied for the year ended 31 December 2014. There were no new or revised accounting standards adopted that could have a material impact on the condensed consolidated financial statements.

Notes to the reviewed condensed consolidated financial statements for the period ended 30 June 2015

4. Raw materials and consumables used

Included in raw materials and consumables used in the statement of comprehensive income for the six months ended 30 June 2015, is an amount of R220 million in respect of anticipated contractual iron ore price adjustments (rebates). These rebates are anticipated as the purchase price for iron ore is capped at the export price parity (EPP). For the 2015 financial year, EPP is expected to remain on average lower than the actual price at which iron ore is purchased.

5. Payments made in advance

Payments made in advance comprises contributions for capital costs incurred by a supplier in the production process of iron ore sold to the company. These contributions are non-refundable and are amortised to the cost of inventory over the life of the assets capitalised by the supplier.

6. Non-current asset held for sale

In May 2015, management committed to a plan to sell its investment in Northern Cape Iron Ore Mining Project, an associate of the company. The company is actively looking for potential buyers and the directors of the company expect that the fair value of the investment less costs to sell will be higher than the carrying amount. Therefore, no impairment loss was recognised on the reclassification of the equity-accounted investment as held for sale on 30 June 2015.

7. Independent review by the auditors

Any reference to future financial performance and expectations included in this announcement has not been reviewed or reported on by the company's auditors.

8. Capital expenditure commitments

Six months ended				Year ended
30 June 2015 Reviewed	30 June 2014 Reviewed	31 December 2014 Unaudited	In millions of rand	31 December 2014 Audited
607	1 077	377	Contracted	377
530	761	798	Authorised but not contracted	798

9. Related party transactions

The group is controlled by ArcelorMittal Holdings AG (AM group) which effectively 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 are conducted at arm's length. At period end the AM group loan, which is repayable at the end of July 2016 but subject to renegotiation, amounted to R2.9 billion. Interest is payable at three-month Jibar plus 2.125% and an amount of R126 million (2014: R42 million) was charged for the six months period ended 30 June 2015.

Notes to the reviewed condensed consolidated financial statements for the period ended 30 June 2015 continued

10. Corporate governance (unaudited)

The group subscribes to and substantially complies with the King Code on Corporate Governance for South Africa.

11. Fair value measurements

Some of the group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined, particularly the valuation techniques and inputs used.

Financial assets	Fair values as at period ended				
In millions of rand	30 June 2015 Reviewed	30 June 2014 Reviewed	31 December 2014 Audited	Fair value hierarchy	Valuation techniques and key inputs
Available for sale	119	14	58	Level 1	Quoted prices in an active market
Held-for-trading assets	20	3	37	Level 1	Quoted prices in an active market
Held-for-trading liabilities	6	1	11	Level 1	Quoted prices is an active market

Level 1: Fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.

12. Subsequent events

On 16 July 2015, Kumba Iron Ore Limited announced that it intends to ramp down activities at the Thabazimbi mine forthwith with the objective of ceasing production and all production-related activities. Kumba has an agreement to supply the company with iron ore for up to 6.25 million tonnes from either the Thabazimbi mine or any alternative source and there is therefore no security of iron ore supply risk for the company.

At this stage and given the company's initiatives to pursue whether there is a possibility of extending the closure date of the mine, no adjustments are required to the Thabazimbi specific assets and liabilities carried in the company's books and records.

On 23 July 2015, the company announced the potential closure of its Vereeniging Works. As this is still under investigation no adjustments are required to the carrying values of the assets and liabilities of Vereeniging Works.

Notes to the reviewed condensed consolidated financial statements for the period ended 30 June 2015 continued

13. Property, plant and equipment

The company performed a review for indications of impairment of its property, plant and equipment at 30 June 2015. Following this review, there were indications of impairment for Saldanha Works and it was necessary to perform an impairment test. The results of this impairment test supported a conclusion that there is no impairment. The key assumption in the impairment test is that our plant in Saldanha will be able to produce and sell at full capacity in the long term. To achieve this capacity, numerous process improvements will be introduced during the corex reline in 2017.

Basis of the impairment model

An explicit forecast over a five-year period and terminal value based on a normalised five-year steel cycle; and Gordon growth model.

Key assumptions	30 June 2015	31 December 2014
Weighted average cost of capital/discount rate: USD (%)	9.8	9.8
Growth: USD (%)	2.0	2.0
Iron ore prices (average – USD/t)	74	115
Steel sales price range (average – USD/t)	447 to 508	579 to 645
Sales volume range (kt)	986 to 1 322	1 066 to 1 322
Capex accumulated (2015 – 2019) (USDm)	181	173
Carrying value of Saldanha property, plant and equipment (Rm)	4 166	4 304

Sensitivity analysis

The sensitivity of the recoverable amount and carrying value in response to a 10% reduction in local sales volumes is a negative R1 043 million.

Condensed consolidated statement of changes in equity

In millions of rand	Stated capital	Treasury share equity reserve	Other reserves	Retained earnings	Total
Six months ended 30 June 2014 (Reviewed)					
Balance as at 31 December 2013	37	(3 918)	2 304	22 271	20 694
Total comprehensive income/(loss)	–	–	34	(15)	19
Share-based payment reserve	–	–	10	–	10
Transfer of equity-accounted earnings	–	–	49	(49)	–
Balance as at 30 June 2014 (Reviewed)	37	(3 918)	2 397	22 207	20 723
Six months ended 31 December 2014					
Balance as at 30 June 2014	37	(3 918)	2 397	22 207	20 723
Total comprehensive income/(loss)	–	–	129	(143)	(14)
Share-based payment reserve	–	–	13	–	13
Transfer of equity-accounted earnings	–	–	85	(85)	–
Balance as at 31 December 2014 (Audited)	37	(3 918)	2 624	21 979	20 722
Six months ended 30 June 2015 (Reviewed)					
Balance as at 31 December 2014	37	(3 918)	2 624	21 979	20 722
Total comprehensive income/(loss)	–	–	340	(111)	229
Share-based payment reserve	–	–	15	–	15
Transfer of equity-accounted earnings	–	–	40	(40)	–
Balance as at 30 June 2015 (Reviewed)	37	(3 918)	3 019	21 828	20 966

Segment information

Flat steel products

Six months ended 30 June 2015 Reviewed	Six months ended 30 June 2014 Reviewed	Six months ended 31 December 2014 Unaudited		Year ended 31 December 2014 Audited
10 678	12 180	12 261	Revenue (R million)	24 441
10 466	11 572	11 385	– External	22 957
212	608	876	– Internal	1 484
7 289	7 170	7 281	Average net realisable price (R/t) (unaudited)	7 226
7 593	7 567	7 476	EBITDA cost/tonne (R/t) (unaudited)	7 522
155	184	351	EBITDA (R million)	535
1.5	1.5	2.9	EBITDA margin (%)	2.2
(488)	(510)	(554)	Depreciation and amortisation (R million)	(1 064)
(333)	(326)	(203)	(Loss)/profit from operations (R million)	(529)
			Unaudited information	
1 707	1 719	1 867	Liquid steel production ('000 tonnes)	3 586
1 358	1 505	1 476	Steel sales ('000 tonnes)	2 981
983	969	982	– Local	1 951
375	536	494	– Export	1 030
82	83	88	Capacity utilisation (%)	85

Segment information continued

Long steel products

Six months ended 30 June 2015 Reviewed	30 June 2014 Reviewed	31 December 2014 Unaudited		Year ended 31 December 2014 Audited
5 719	6 556	5 855	Revenue (R million)	12 411
5 020	5 364	4 547	– External	9 911
699	1 192	1 308	– Internal	2 500
7 048	7 382	7 825	Average net realisable price (R/t) (unaudited)	7 585
7 422	7 516	8 276	EBITDA cost/tonne (R/t) (unaudited)	7 859
18	178	(162)	EBITDA (R million)	16
0.3	2.7	(2.8)	EBITDA margin (%)	0.1
(197)	(137)	(205)	Depreciation and amortisation (R million)	(342)
(179)	41	(367)	(Loss)/profit from operations (R million)	(326)
			Unaudited information	
856	667	265	Liquid steel production ('000 tonnes)	932
674	690	569	Steel sales ('000 tonnes)	1 259
578	565	486	– Local	1 051
96	125	83	– Export	208
75	58	23	Capacity utilisation (%)	41

Segment information continued

Coke and chemicals

Six months ended 30 June 2015 Reviewed	Six months ended 30 June 2014 Reviewed	Six months ended 31 December 2014 Unaudited		Year ended 31 December 2014 Audited
990	1 019	1 025	Revenue (R million)	2 044
957	991	993	– External	1 984
33	28	32	– Internal	60
229	205	223	EBITDA (R million)	428
23.1	20.1	21.8	EBITDA margin (%)	20.9
(18)	(17)	(18)	Depreciation and amortisation (R million)	(35)
211	188	205	Profit from operations (R million)	393
			Unaudited information	
228	229	293	Commercial coke produced ('000 tonnes)	522
252	208	258	Commercial coke sales ('000 tonnes)	466
47	53	57	Tar sales ('000 tonnes)	110

Corporate and other

Six months ended 30 June 2015 Reviewed	Six months ended 30 June 2014 Reviewed	Six months ended 31 December 2014 Unaudited		Year ended 31 December 2014 Audited
313	243	36	EBITDA (R million)	279
–	–	(149)	Once off restructuring provisions	(149)
15	13	18	Depreciation and amortisation credit (R million)	31
328	256	(95)	Profit/(loss) from operations (R million)	161

Additional information

Six months ended 30 June 2015 Reviewed	Six months ended 30 June 2014 Reviewed	Six months ended 31 December 2014 Unaudited	In millions of rand	Year ended 31 December 2014 Audited
			Reconciliation of earnings before interest, taxation, depreciation and amortisation (EBITDA)	
27	159	(460)	Profit/(loss) from operations	(301)
			Adjusted for:	
676	639	747	– Depreciation	1 386
12	12	12	– Amortisation of intangible assets	24
–	–	50	– Tshikondeni mine closure costs	50
–	–	90	– Restructuring cost	90
–	–	9	– Onerous contracts	9
715	810	448	**EBITDA for the period**	1 258
			Reconciliation of headline (loss)/earnings	
(111)	(15)	(143)	Loss for the period	(158)
			Adjusted for:	
–	–	(80)	– Gain recognised on loss of interest over former associate	(80)
2	13	16	– Loss/(profit) on disposal or scrapping of assets	29
–	–	(16)	– Profit on disposal of assets of an associate	(16)
–	(4)	2	– Tax effect	(2)
(109)	(6)	(221)	**Headline loss for the period**	(227)
			Headline loss per share (cents)	
(27)	(2)	(55)	– basic	(57)
(27)	(2)	(55)	– diluted	(57)
			Return on ordinary shareholders' equity per annum	
(1.1)	(0.1)	(1.4)	– Attributable earnings (%)	(0.8)
(1.0)	(0.1)	(2.1)	– Headline earnings (%)	(1.1)
(12.0)	(2.9)	(2.6)	– Net cash to equity (%)	(2.6)
			Share statistics	
			Ordinary shares (thousands)	
401 202	401 202	401 202	– in issue	401 202
401 202	401 202	401 202	– weighted average number of shares	401 202
401 202	401 202	401 202	– diluted weighted average number of shares	401 202
12.15	31.06	26.41	Share price (closing) (Rand)	26.41
4 875	12 461	10 596	Market capitalisation (R million)	10 596
52.26	51.65	51.65	Net asset value per share (Rand)	51.65

Other information

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*: PM Makwana* (Chairman), DK Chugh†, FA du Plessis*, RK Kothari■, NP Mnxasana*, J Modise*, LP Mondi, DCG Murray*, MAM Vereecke°

*†Citizen of the United Kingdom °Citizen of Belgium ■Citizen of India *Independent non-executive*

Executive: PS O'Flaherty (Chief executive officer)

Acting company secretary: Mr Mohamed Adam

Sponsor: J.P. Morgan Equities South Africa Proprietary Limited, 1 Fricker Road, Illovo, 2196, Private Bag X9936, Sandton, 2146

Transfer secretaries: Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107

Release date: 31 July 2015

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's plans and objectives to differ materially from those expressed or implied in the forward-looking statements (or from past results). Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the company's auditors.

ArcelorMittal

www.arcelormittal.com/southafrica/

Thank you

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