

# ISCOR LIMITED

## UNAUDITED GROUP EARNINGS AND PHYSICAL INFORMATION

FOR THE QUARTER ENDED 31 MARCH 2004



### FINANCIAL RESULTS

Headline earnings for the quarter were marginally above those of the same quarter last year. The improvement in global steel prices offset the negative impact of the stronger currency, which averaged R6,75/US\$ vs R8,32/US\$ for the corresponding period.

Expressed in US Dollar terms headline earnings improved by 25%.

Cash flow was strong with the closing net cash position improving during the quarter by R478 million to R505 million.

### MARKET REVIEW

#### International

Average prices realised for both flat and long steel exports for the quarter were higher than the same period last year: for hot rolled coil by 19% and low carbon wire rod by 22%. The current order book shows a significant further increase over the past quarter's invoiced prices.

The price strength is being driven by ongoing strong Chinese demand, supported by the recent recovery in demand in the USA and Japan, which has precipitated a shortage of raw materials and shipping capacity, pushing input costs up sharply and placing constraints on steel making capacity.

#### Domestic

Domestic sales, excluding deliveries to Duferco Steel Processing (DSP), increased by 9% compared to the same quarter last year and by 10% compared to the fourth quarter of 2003.

Domestic sales growth was due to a combination of pre-emptive buying ahead of price increases and underlying steel consumption growth. Underlying consumption is expected to improve further during the remainder of 2004.

### COST REDUCTION DRIVE

Our shared services restructuring programme is well on track and the full benefit of the expected R200 million annual savings should become effective from the third quarter of 2004. The labour cost reduction drive at the steel operations, involving further planned annual savings of R120 million, is currently being negotiated with the trade unions.

Despite the significant input price escalation during the past year, cost per tonne of steel for the quarter remained at the same level as the first quarter of 2003. Expressed in US Dollar terms, however, cost per tonne increased by 24% as a result of the stronger exchange rate.

### PRODUCTION

Output at the Vanderbijlpark works was affected by the scheduled throat armour repair of blast furnace C, resulting in an 18 day outage and loss of 61 000 tonnes of hot metal production. The furnace is now back to normal production.

### OUTLOOK

The higher level of prices will have a positive impact on second quarter earnings, although the full impact will be tempered by any strengthening of the exchange rate.

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**Directors:** K Ngqula (Chairman), LL van Niekerk (Chief Executive Officer), DK Chugh\*, RG Cottrell, M Macdonald, S Maheshwari\*, CE Markus, A Mittal\*, LN Mittal\*, Dr KDK Mokhele, MJN Njeke, Dr MJUT van Wijngaarden  
\*Citizen of India.

**Company Secretary:** A van der Merwe  
**IsCOR Ltd Registration no:** 1989/002164/06  
**Share code:** ISC **ISIN code:** ZAE 000037453

### GROUP INCOME STATEMENT (RM)

	Quarter ended 31 March 2004	2003	Six months ended 31 December 2003
<b>Revenue</b>	4 869	4 629	9 175
Flat Steel Products			
• Vanderbijlpark	2 613	2 519	5 026
• Saldanha Steel	755	791	1 364
Long Steel Products	1 347	1 209	2 496
Coke & Chemicals	219	200	409
Other	30	19	37
Inter Group	(95)	(109)	(157)
<b>Operating profit</b>	1 003	994	725
Flat Steel Products			
• Vanderbijlpark	610	601	979
• Saldanha Steel	137	167	107
Long Steel Products	214	224	348
Coke & Chemicals	53	33	103
Other	10	(7)	28
Corporate	(21)	(24)	(61)
BAA remuneration			(613)
Restructuring costs			(166)
<b>Net financing costs</b>	(32)	(42)	(69)
<b>Profit from equity accounted investments before tax</b>	60	22	88
<b>Surplus on sale of residential properties</b>		14	12
<b>Goodwill amortised</b>	(5)		(11)
<b>Taxation</b>	(358)	(318)	(279)
<b>Minority interest</b>	(4)		(3)
<b>Profit attributable to ordinary shareholders</b>	664	670	463
<b>ADDITIONAL INFORMATION</b>			
<b>Profit attributable to ordinary shareholders</b>	664	670	463
Adjusted for			
• Surplus on sale of residential properties		(14)	(12)
• Goodwill amortised	5		11
<b>Headline earnings</b>	669	656	462
<b>Comparable headline earnings US\$m (average spot)</b>	99	79	143
<b>Performance per ordinary share</b>			
Headline earnings per share (cents)	150	147	104
Attributable earnings per share (cents)	149	150	104

### PHYSICAL INFORMATION ('000 TONNES)

	Quarter ended 31 March 2004	2003	Six months ended 31 December 2003
<b>Flat Steel Products</b>			
<b>- Vanderbijlpark</b>			
Liquid steel production	834	903	1 870
Sales	795	776	1 664
• Local - DSP	93	80	150
• - Other	425	413	792
• Export	277	283	722
• Local sales as % of total sales	65	64	57
<b>- Saldanha Steel</b>			
Liquid steel production	328	301	645
Sales	299	297	622
• Local - DSP	48	64	114
• - Other	27	31	70
• Export	224	202	438
• Local sales as % of total sales	25	32	30
<b>Long Steel Products</b>			
Liquid steel production	528	539	1 080
Sales	496	432	939
• Local	275	222	496
• Export	221	210	443
• Local sales as % of total sales	55	51	53
<b>Total</b>			
Liquid steel production	1 690	1 743	3 595
Sales	1 590	1 505	3 225
• Local - DSP	141	144	264
• - Other	727	666	1 358
• Export	722	695	1 603
• Local sales as % of total sales			
- Including DSP	55	54	50
- Excluding DSP	46	44	42

This report is available at IsCOR's World Wide Web site at: <http://www.iscor.com> Share Queries: Please call the IsCOR ShareCare Line toll free on 0800 006 960 or +27 11 775 3420 if calling from outside South Africa.