

Mittal Steel South Africa Limited

(formerly Ispat Iscor Limited)

unaudited group earnings and physical information

for the quarter ended 30 September 2005

FINANCIAL RESULTS

Headline earnings for the quarter decreased by 37% compared to the corresponding period last year, driven primarily by lower international steel prices, lower local volumes and an increase in the prices of major input materials. This was partially offset by higher export volumes.

Compared to the previous quarter headline earnings decreased by 40%, mainly due to the sharp drop in international steel prices as was evident from our quarter two order intake which subsequently impacted on our invoiced prices for quarter three. Domestic prices were decreased from 1 August 2005. The effect of these factors was partially offset by higher export volumes.

MARKET REVIEW

International

Export volumes for the quarter increased by 58% compared to the corresponding period last year and by 31% compared to the previous quarter. This increase was mainly driven by the lower local volumes redirected to exports and delayed shipments rolled over from quarter two. The sudden drop in international demand and prices was mainly as a result of a destocking effect and a softening of demand in China.

Domestic

Local sales decreased by 21% compared to the corresponding period last year and 3% compared to the previous quarter. The decrease was mainly driven by a destocking effect, a delay in orders in anticipation of further price reductions and lower sales by some of our customers, especially customers exporting value added products, as a result of the strong Rand as well as customers competing with cheap final product imports from China.

We reduced our local prices for hot rolled flat products by 7.5%, cold rolled and coated flat products by 5% and selected long products by 5%, from 1 August 2005.

PRODUCTION

Liquid steel production for the quarter increased by 8% compared to the corresponding period last year mainly due to an improvement in operational efficiencies at our Vanderbijlpark plant.

The 2% decrease compared to the previous quarter mainly resulted from a brief cutback in production during the beginning of the quarter following the sudden weakening of international market conditions.

COST

Cash cost per ton of hot rolled coil for the quarter increased by 12% compared to the corresponding period last year and that of billets by 13%, driven mainly by a substantial increase in the prices of coking coal, scrap, iron ore pellets and alloys.

TAXATION

We submitted our objection, disputing the disallowance of the deductibility of the payment made in terms of the Business Assistance Agreement, to SARS during August 2005. SARS responded by a request for more information. We are currently in the process of compiling the necessary documentation.

OUTLOOK

Domestic demand for quarter four is expected to show an improvement over quarter three levels, driven to a large extent by stock building activities by customers, especially the Merchants, following the exceptionally low inventory levels towards the end of quarter three, together with some improvement expected in real demand. Export order intake, for quarter four dispatches, indicates a moderate improvement in export prices compared to quarter three.

Cost is expected to be higher during quarter four mainly due to the increase in imported coking coal prices, effective from July 2005, but which will only fully impact on our cost base during quarter four.

Overall we expect the results for quarter four to be in line with quarter three.

group income statement

	Quarter ended			Year ended
	30 September 2005 Rm	30 September 2004 Rm	30 June 2005 Rm	31 December 2004 Rm
Revenue	6 110	6 387	6 199	23 053
Flat Steel Products				
• Vanderbijlpark	3 294	3 319	3 269	12 288
• Saldanha Steel	837	1 036	936	3 638
Long Steel Products	1 833	1 780	1 915	6 339
Coke & Chemicals	256	395	245	1 253
Other	20	26	23	111
Inter Group	(130)	(169)	(189)	(576)
Operating Profit	1 468	2 235	2 225	6 668
Flat Steel Products				
• Vanderbijlpark	879	1 131	1 226	4 129
• Saldanha Steel	74	378	270	1 147
Long Steel Products	449	578	666	1 769
Coke & Chemicals	86	188	74	462
Other		5	6	42
Corporate	(20)	(45)	(17)	(150)
BAA remuneration				(731)
Net financing income/(costs)	26	1	31	(134)
Profit from equity accounted investments before tax	61	39	93	347
Impairment credit				502
Goodwill impairment		(5)	(6)	(21)
Taxation	(569)	(698)	(706)	(2 485)
Profit from ordinary activities	986	1 572	1 637	4 877
Profit attributable to:				
• Ordinary shareholders	987	1 570	1 637	4 871
• Minority interest	(1)	2		6
ADDITIONAL INFORMATION				
Profit attributable to ordinary shareholders	987	1 570	1 637	4 871
<i>Adjusted for:</i>				
• Impairment credit				(502)
• Goodwill impairment		5	6	21
• Taxation on adjustments				151
Headline earnings	987	1 575	1 643	4 541
Performance per ordinary share				
Attributable earnings per share (cents)	221	352	367	1 093
Headline earnings per share (cents)	221	353	369	1 019

physical information ('000 tonnes)

	Quarter ended			Year ended
	30 September 2005	30 September 2004	30 June 2005	31 December 2004
Flat Steel Products				
Vanderbijlpark				
Liquid steel production	947	805	1 010	3 628
Sales	852	811	753	3 166
• Local	509	600	504	2 224
• Exports	343	211	249	942
Local sales as % of total sales	60	74	67	70
Saldanha Steel				
Liquid steel production	329	343	298	1 227
Sales	313	306	241	1 141
• Local	68	164	89	504
• Export	245	142	152	637
Local sales as % of total sales	22	54	37	44
Long Steel Products				
Liquid steel production	543	542	550	2 178
Sales	504	473	505	1 894
• Local	278	312	285	1 151
• Export	226	161	220	743
Local sales as % of total sales	55	66	56	61
Total				
Liquid steel production	1 819	1 690	1 858	7 033
Sales	1 669	1 590	1 499	6 201
• Local	855	1 076	878	3 879
• Export	814	514	621	2 322
Local sales as % of total sales	51	68	59	63

Registered Office

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Transfer Secretaries

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*Citizen of India

Company Secretary: Xoliswa Motswai

Mittal Steel South Africa Limited

(Formerly Ispat Iscor Limited)
Registration number 1989/002164/06
Share code: MLA ISIN: ZAE000064044
("the company" or "the Group")