

Mittal Steel South Africa Limited

(Formerly Ispat Iscor Limited)

Unaudited Group Earnings and Physical Information

for the quarter ended 31 March 2006

MITTAL



"Creating the most admired steel institution"

FINANCIAL RESULTS

Headline earnings for the quarter of R684 million declined by 21% compared to the previous quarter and by 57% compared to the corresponding period last year.

The main reasons for the substantial decline from last year were lower sales prices, an increase in costs, lower export volumes and voluntary retrenchment packages provided for during the past quarter. This was partially offset by higher local sales volumes.

MARKET REVIEW

International

Export sales volume declined by 13% compared to the previous quarter and 15% compared to the corresponding period last year due to a higher domestic offtake.

The decline in international steel prices was mainly driven by a softening in demand in China and a destocking effect following an inventory buildup by customers during the first half of last year in anticipation of further price increases.

Domestic

Domestic sales volume was 18% higher than the previous quarter and 19% higher than the corresponding period last year mainly due to equilibrium between supply and demand following the 2005 reduction in inventory levels and a general improvement in economic activities.

Domestic spot prices for the quarter were below that of last year following two price reductions announced during 2005.

PRODUCTION

Liquid steel production declined by 4% compared to the previous quarter and by 10% compared to the corresponding period last year. The Vanderbijlpark plant experienced instability at Blast Furnace D during March while one of the three Electric Arc Furnaces was out of operation for five weeks during January/February due to cables damaged by fire.

The Saldanha plant experienced power interruptions resulting in delays in the iron and steel making units.

COST

Cash cost of hot rolled coil increased by 14% compared to the first quarter last year and billets by 5%, driven by a substantial increase in the cost of coking coal, iron ore pellets and scrap. The higher increase for hot rolled coil is mainly due to the production problems experienced at our Flat Product plants discussed above.

The cost of our galvanized products was also negatively impacted by a significant increase in the price of zinc.

CONTINGENT LIABILITIES

Our objection, disputing the disallowance of the deductibility of the payment made in terms of the BAA, was rejected by SARS during April 2006. We intend to appeal against this decision during May 2006. There is a contingent liability of R403 million plus interest thereon and no provision has been made in this regard.

The hearing by the Competition Tribunal, on allegations that we contravened the Competition Act, started during the middle of March 2006. Closing statements are scheduled for the end of May 2006 with a possible ruling expected during July 2006. Management is of the opinion, based on advice from legal counsel, that no significant exposure exists in this regard and therefore no provision has been raised.

OUTLOOK

We expect the local market to remain buoyant driven by strong economic conditions. A moderate improvement in global steel prices is also expected.

group income statement

	Quarter ended			Year ended
	31 March 2006 Rm	31 March 2005 Rm	31 December 2005 Rm	31 December 2005 Rm
Revenue	5 802	6 065	5 658	24 032
Flat Steel Products				
• Vanderbijlpark	3 128	3 100	2 984	12 664
• Saldanha Steel	714	1 081	868	3 712
Long Steel Products	1 865	1 731	1 694	7 173
Coke & Chemicals	211	272	241	1 014
Other	21	30	25	98
Inter Group eliminations	(137)	(149)	(154)	(629)
Operating profit	994	1 949	1 199	6 855
Flat Steel Products				
• Vanderbijlpark	560	1 021	551	3 688
• Saldanha Steel	(25)	366	97	785
Long Steel Products	433	492	472	2 100
Coke & Chemicals	27	85	51	301
Other	8	6	44	56
Corporate	(9)	(21)	(16)	(75)
Gains/(Losses) on foreign exchange and financial instruments	(9)	173	87	246
Net interest income	34	21	(46)	29
Income from investments	1	1	1	5
Profit from equity accounted investments before taxation	56	73	65	292
Goodwill impairment		(5)		(11)
Taxation	(393)	(636)	(434)	(2 346)
Profit for the period	683	1 576	872	5 070
Profit attributable to:				
• Equity holders of the parent	684	1 573	871	5 068
• Minority interest	(1)	3	1	2
ADDITIONAL INFORMATION				
Profit attributable to ordinary shareholders	684	1 573	871	5 068
<i>Adjusted for:</i>				
• Goodwill impairment		5		11
Headline earnings	684	1 578	871	5 079
Performance per ordinary share				
Basic earnings per share (cents)	153	353	195	1 137
Headline earnings per share (cents)	153	354	195	1 139

physical information ('000 tonnes)

	Quarter ended			Year ended
	31 March 2006	31 March 2005	31 December 2005	31 December 2005
Flat Steel Products				
- Vanderbijlpark				
Liquid steel production	886	976	890	3 823
Sales	825	767	751	3 123
• Local	596	492	512	2 017
• Exports	229	275	239	1 106
Local sales as % of total sales	72	64	68	65
- Saldanha Steel				
Liquid steel production	260	318	299	1 244
Sales	267	306	300	1 160
• Local	108	125	103	385
• Export	159	181	197	775
Local sales as % of total sales	40	41	34	33
Long Steel Products				
Liquid steel production	522	555	546	2 194
Sales	507	461	477	1 947
• Local	330	255	265	1 083
• Export	177	206	212	864
Local sales as % of total sales	65	55	56	56
Total				
Liquid steel production	1 668	1 849	1 735	7 261
Sales	1 599	1 534	1 528	6 230
• Local	1 034	872	880	3 485
• Export	565	662	648	2 745
Local sales as % of total sales	65	57	58	56

Registered Office

Mittal Steel South Africa
Room N3-5, Main Building
Delfos Boulevard
Vanderbijlpark, 1911

Transfer Secretaries

Computershare Investor Services
2004 (Pty) Limited
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107

Directors: K Ngqula (*Chairman*), D K Chugh* (*Chief Executive Officer*), Dr S E Jonah KBE**, S Maheshwari*, J J A Mashaba, A Mittal*, L N Mittal*, Dr K D K Mokhele, M J N Njike, H J Verster
*Citizen of India, **Citizen of Ghana

Company Secretary: Xoliswa Motswai

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Registration number 1989/002164/06

Share code: MLA ISIN: ZAE000064044

("the company" or "the Group")