PRELIMINARY AUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

ArcelorMittal South Africa Limited
Registration number: 1989/002164/06
Share code: ACL **ISIN**: ZAE 000134961
(AMSA, the company or the group)

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



Overview

Total steel sales down 11% after adjusting for the Newcastle reline effect of 2014

Revenue down 11%

Average net realisable price down 8%

Imports increased by 35%

Import duties on eight products approved, five of which are yet to be gazetted

Although the US and European steel markets showed some improvement, cheaper imported steel continued to affect domestic producers and negatively affected global steel prices. It is clear that the steel industry has reached the end of a major growth cycle on the back of rapid economic development in China which was followed by China's slowdown. The low level of investment, financial market turbulence and geopolitical conflicts in many developing regions further exacerbate the situation.

Although the local steel industry is under severe threat due to the economic meltdown and the glut of oversupply driven by China, including dumping from China, and a slowdown in demand, we believe its future existence and sustainability is essential to underpin the country's economic development goals and support the growth of numerous key sectors.

Global experience proves that import duties are the most effective short-term measures to protect steel producers against unfair competition, and that anti-dumping measures and safeguards are the most effective in the long term. ArcelorMittal South Africa (AMSA) acknowledges and appreciates steps that the authorities began to take in 2015 to approve and implement duties on its products and the in-principle support for tariff and anti-dumping applications filed by local steel producers. While these steps are welcomed, the company cautions that the utmost urgency is required to complete all the measures requested if the steel industry is to survive.

The company has made good progress in the following key initiatives aimed at protecting the company's future:

- With regard to the consideration of the increase of custom duties on imported primary steel that is also locally produced from 0% to the bound rate of 10%, three of the 10 applications for a duty on the company's steel products have been gazetted; five of the applications have been approved by the International Trade Administration Commission (ITAC) and the Minister of Trade and Industry and are currently going through the gazetting process with National Treasury and the South African Revenue Service. The ITAC will decide on the remaining two applications including hot-rolled coil, other bars and rods;
- As previously indicated, five safeguard duty applications have been submitted to the ITAC and are under review;
- The Department of Trade and Industry (dti) has committed to work with National Treasury to ensure that the designation of local steel for state procurement and government infrastructure spend is implemented;
- Significant progress has been made with the dti and the Economic Development Department regarding a pricing mechanism for local flat steel going forward;
- Significant progress has been made in settling the company's outstanding matters with the Competition Commission (the Commission) as highlighted below;
- A new iron ore contract was negotiated with Kumba, ensuring that the company pays market-related prices for iron ore; and
- A successful rights offer for R4 500 million was concluded on 15 January 2016. ArcelorMittal group has underwritten the rights issue in its entirety, through repayment of an outstanding intra-group loan of R3.2 billion and made an additional cash injection of approximately R460 million. The intra-group loan is being repaid in two tranches; the first has been repaid and it is intended that the second will be paid in Q2 of 2016.

Liquid steel production was 4.8 million tonnes, an increase of 321 000 tonnes compared to last year. The higher production at Newcastle after the reline of the blast furnace last year was partly countered by production cutbacks driven by lower demand for steel.

Total sales volumes were down by 3% compared to last year with domestic sales increasing marginally by 1%, while exports decreased by 12% driven by low international steel prices. Excluding the Newcastle reline effect, total sales were down 11%. In rand terms, total net realised prices were down 8% with domestic prices down 9% and exports 8% in line with international price movements. Total ebitda costs per tonne sold decreased 2%. Iron ore costs from Sishen Iron Ore Company (Pty) Ltd (SIOC), which was higher than the market price for much of the year, further influenced the results.

Notwithstanding our quest to achieve zero fatalities and injuries, two fatal incidents occurred in 2015. We are focused on ensuring that we rapidly turn around our safety performance for our employees and the contractors who work for us.

Headline loss was R5 370 million or 1 338 cents a share compared to a loss of 57 cents a share last year. Included in headline loss are once-off items of R2 558 million or 638 cents a share. Ebitda was a loss of R809 million, a decrease of R2 067 million compared to last year.

Despite the working capital initiatives, the company's net borrowing position was R2 865 million at the end of the year compared to net borrowings of R546 million at the end of the previous year, reflecting the extremely difficult trading conditions.

Key statistics

Six months ended				Year ended	
31 December 2015 Unaudited	30 June 2015 Reviewed	31 December 2014 Unaudited		**31 December 2015 Audited**	31 December 2014 Audited
14 698	16 443	16 925	Revenue (R million)	**31 141**	34 852
6 256	7 209	7 432	Average net realisable price (R/t) (unaudited)	**6 727**	7 332
7 693	7 777	8 057	Ebitda cost/tonne sold (R/t) (unaudited)	**7 734**	7 923
(1 450)	641	448	Ebitda (R million)	**(809)**	1 258
(691)	315	219	Ebitda/tonne (R/t) (unaudited)	**(196)**	297
(9.9)	3.9	2.6	Ebitda margin (%)	**(2.6)**	3.6
(8 524)	(111)	(143)	Net loss (R million)	**(8 635)**	(158)
(2 125)	(28)	(36)	Loss per share (cents)	**(2 152)**	(39)
(5 261)	(109)	(221)	Headline loss (R million)	**(5 370)**	(227)
(1 311)	(27)	(55)	Headline loss per share (cents)	**(1 338)**	(57)
(2 865)	(2 522)	(546)	Net borrowings	**(2 865)**	(546)
			Unaudited information		
2 276	2 563	2 132	Liquid steel production (000 tonnes)	**4 839**	4 518
2 099	2 032	2 045	Steel sales (000 tonnes)	**4 131**	4 240
1 478	1 561	1 468	– Local	**3 039**	3 002
621	471	577	– Export	**1 092**	1 238
199	252	258	Commercial coke sales (000 tonnes)	**451**	466
69	80	65	Capacity utilisation (%)	**74**	70
0.53	0.43	0.62	Lost time injury frequency rate	**0.48**	0.58

Market review

International

The year 2015 has been a challenging year for the global steel industry as overcapacity in the Chinese steel market, the largest producer and consumer, negatively affected the global steel prices. The slow economic growth in China mainly resulted in a policy shift towards the consumption-driven economic growth policy than the historical infrastructure focus, thereby leading to a decline in steel demand. Much of the USA steel market showed some improvement due to a recovery in the housing and vehicle market segments, cheaper steel imports continued to affect domestic producers, which was a similar trend in the European market. In Europe to be specific, the resulting impact was reduced steel production activities and closure of some steel plants. In the African region, although the steel demand was positive mainly driven by infrastructure investments in roads, rail, energy and mining-related investments in specific regions such as the west and east sub-Saharan regions, its influence on the global market is minimal due to its small global market share.

Domestic

The South African economy continued to face challenging times in the year, mainly attributed to the weak manufacturing, mining and construction sectors, which are the main market segments for the steel industry. For the domestic producers, the steel market environment was also negatively affected by rising cheap imports and high operational costs, such as energy and labour costs, weak local demand, poor rail infrastructure, coupled with disruptions in electricity supply. The year was hence dominated by the steel industry and government discussions to identify areas of intervention which resulted in the implementation of import tariffs on some products.

Financial review

Year ended 31 December 2015 compared to year ended 31 December 2014

Revenue decreased 11% to R31 141 million following a 3% decrease in sales volumes and an 8% decrease in net realised prices. Export shipments were down 12% with local shipments up 1%. Flat steel shipments were down 10% with long steel up by 15%. In rand terms, total net realised prices were down 8% with domestic prices down 9% and exports 8%. Revenue from Coke and Chemicals decreased by 12% to R1 799 million. The decrease was driven by lower volumes for commercial coke which decreased by 3%, while prices also decreased by 3%. Tar sales volumes decreased by 13% offset by price increases of 3%.

Ebitda cost per tonne of liquid steel produced which excludes "non-steel" items, increased by 2% from R6 348 to R6 465. Raw materials, consisting of iron ore, coal and scrap, which together account for approximately 46% of costs, decreased by 2%. Consumables and auxiliaries, which accounted for approximately 29% of costs, increased by 3%, while fixed costs per tonne increased by 8%. Total ebitda costs per tonne sold (R7 923 compared to R7 734) decreased 2% and differs to tonnes produced due to stock movements and "non-steel" items.

Liquid steel production was 321 000 tonnes or 7% higher of which long steel production was up 82% while flat steel was down 12%. Capacity utilisation for flat steel was lower at 75% against 85%, while long steel was higher at 73% against 41% due to the reline of the blast furnace in Newcastle during 2014 which had an impact of 975 000 tonnes, being 20%.

The headline loss of R5 370 million was R5 143 million more than the previous year of R227 million and includes the following items:

- Ebitda loss of R809 million compared to profit of R1 258 million of the previous year.
- Once-off pre-tax items of R2 558 million comprising primarily the following:
  - Inventory of R233 million was written off to its net realisable value, provisions for retrenchment costs of R249 million and developmental costs of R200 million, were recognised due to the closure of the Thabazimbi mine;
  - A provision of R1 245 million representing the present value of a proposed administrative penalty of R1 500 million payable over five years. The company has engaged and made significant progress with the Commission regarding the settlement of the outstanding competition matters. The draft settlement agreement is still subject to final approval by the Commission and the Competition Tribunal;

  - Inventory to the value of R51 million was written down to its net realisable value and a provision for voluntary severance packages of R35 million was recognised as a result of the Vaal meltshop (VMS) and parts of the forge plants at Vereeniging Works being placed under care and maintenance;
  - Derecognition of payments made in advance of R568 million. In accordance with the amended agreement, between SIOC and AMSA, the company will pay a market price for iron ore and will therefore no longer pay in advance for stripping costs.
- Net financing costs of R1 033 million for the year compared to R588 million in the prior year. This was due to the increased borrowings and net foreign exchange losses of R437 million.
- Share of profit from equity-accounted investments after taxation of R195 million compared to R191 million last year.
- Pre-tax impairments comprising the following:
  - Property, plant and equipment resulting from the VMS and areas of the forge plants in Vereeniging of R370 million being placed under care and maintenance;
  - Saldanha Works' assets by R3 574 million due to poor international steel export prices and the extremely high local electricity tariffs. Consequently, the future of the operation is currently being reviewed;
  - The investment in ArcelorMittal Analytical Laboratories (Pty) Ltd, a joint venture with Coal of Africa Ltd, of R8 million; and
  - The investment of R302 million in the Northern Cape Iron Ore Mining Operations was impaired due to current depressed iron ore prices.

Ebitda: Half-year ended 31 December 2015 compared to half-year ended 31 December 2014 (unaudited)

Revenue decreased 13% to R14 698 million following a 16% decrease in average net realised prices offset by a volume increase of 3%. Domestic and export prices were down 15% and 16%, respectively. Prices for flat steel were down 11% while long steel prices were down 24%. Total steel shipments were up 3% with local shipments up 1% and exports 8%. Shipments for flat products decreased 11% while long products increased 37%. Revenue from the Coke and Chemicals business of R809 million was 21% lower following a 23% decrease in commercial coke sales volumes and a 4% decrease in net realised prices. Tar sales volumes were down 14% while prices increased 1%.

Ebitda cost per tonne of liquid steel produced which excludes "non-steel" items, increased by 4% period-on-period from R6 279 to R6 502. Raw materials, consisting of iron ore, coal and scrap, which together account for approximately 45% of costs, decreased by 2%. Consumables and auxiliaries, which accounted for 29% of costs, remained flat, while fixed costs increased by 19% on a rand per tonne basis. Total ebitda cost per tonne sold (R8 057 to R7 693) decreased 5% and differs to tonnes produced due to stock movements and "non-steel" items.

Financial review continued

Liquid steel production was 144 000 tonnes better of which long steel production was up 573 000 tonnes due to the completion of the Newcastle furnace reline at the end of 2014, while flat steel was down 429 000 tonnes following the temporary closure of one blast furnace in Vanderbijlpark to contain stock levels. Capacity utilisation for flat steel was lower at 68% against 88%, while long steel was higher at 72% against 23% after the reline of the blast furnace in Newcastle which had an impact of 697 000 tonnes being 31%.

Ebitda: Half-year ended 31 December 2015 compared to half-year ended 30 June 2015 (unaudited)

Revenue decreased 11% to R14 698 million following a 13% decrease in average net realised prices offset by a 3% increase in volumes. Domestic and export prices were down 11% and 15%, respectively. Prices for flat steel were down 11% while long steel prices were down 16%. Total steel shipments were up 3% with export shipments up 32% while domestic shipments were down 5%. Shipments for flat products decreased 3%, while long products increased 16%. Revenue from the Coke and Chemicals business of R809 million was 18% lower following a 21% decrease in commercial coke sales volumes and a 5% decrease in net realised prices. Tar sales volumes were up 4% while prices decreased 5%.

Ebitda cost per tonne of liquid steel produced which excludes "non-steel" items, increased by 1% period-on-period from R6 431 to R6 502. Raw materials, consisting of iron ore, coal and scrap, which together account for approximately 45% of costs, decreased by 5%. Consumables and auxiliaries, which accounted for 29% of costs, increased by 3%, while fixed costs increased by 10% on a rand per tonne basis. Total ebitda costs per tonne sold (R7 777 to R7 693) remained flat and differs to tonnes produced due to stock movements and "non-steel" items.

Liquid steel production was 287 000 tonnes lower of which long steel production was down 18 000 tonnes and flat steel 269 000 tonnes following the temporary closure of one blast furnace in Vanderbijlpark to contain stock levels. Capacity utilisation for flat steel was lower at 68% against 82% and long steel was lower at 72% against 75%.

Environment (unaudited)

Notwithstanding the tough economic conditions in which the company operates under, key environmental projects remain a focus area in order to ensure environmental compliance. An important project in this regard is the Newcastle zero effluent discharge project which entails the improvement of effluent treatment and the recovery thereof and which was commissioned at the end of 2015 at a total project costs of R430 million. 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 by July 2016.

A Compliance Notice/directive was issued to our Newcastle Works by the national Department of Environmental Affairs (DEA) in December 2015. Newcastle Works implemented the necessary actions in full compliance with the instructions specified in the notice.

The proposed implementation of a carbon tax by National Treasury remains a concern as the company's competitiveness will be affected. The Carbon Tax Bill as published in November 2015 will form the basis of further engagement with National Treasury in this regard.

We also actively participated in the DEA's Carbon Budget setting process during the second half of 2015, but no final Carbon Budget has been awarded yet. AMSA is concerned about the lack of alignment between these two climate change-related instruments and will support any further alignment initiatives.

Contingent liabilities

As reported in prior periods, and dating back to 2007, the Commission has referred five cases to the Competition Tribunal and is formally investigating one further complaint against AMSA. The company has since engaged with the Commission and has made significant progress regarding a possible overall settlement and is in the process of finalising the detailed settlement agreement. As at 31 December 2015, the settlement amount of R1 245 million representing the present value of the proposed administrative penalty of R1 500 million has been recognised as a provision.

Dividends

No dividends were declared for the year ended 31 December 2015.

Changes to the board of directors

Chief executive officer (CEO), Paul O'Flaherty, will resign with effect 12 February 2016 and will be appointed as a non-executive director with effect from 1 March 2016.

Dean Subramanian, currently chief financial officer (CFO) has been appointed as acting CEO, and Gerhard van Zyl, currently a senior manager in the finance function, who acted as CFO prior to the appointment of Dean Subramanian, will be acting as CFO.

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

Neville Nicolau and Lungile Zee Cele were appointed as independent non-executive directors with effect 10 September 2015 and 4 January 2016, respectively.

Outlook for the first half of 2016 (unaudited)

The board has now finalised its selection of a potential B-BBEE partner with whom to commence negotiations to conclude the transaction for an equity interest in the company. It is anticipated that the full terms will be announced early in Q2 of 2016.

The company will review the future of Saldanha Works. It is expected that this matter will be finalised within the next six to nine months.

Although the company expects higher production and sales volumes following the seasonal slowdown in Q4 of 2015, it is expected that international steel prices will remain low for the first half of the year. Shareholders are reminded that the company still faces challenges and future profitability is highly dependent on the current initiatives being successfully concluded with government. The company would like to re-emphasise that, without the requisite tariffs as applied for and without the initiatives committed by government regarding the use of local steel for government infrastructure projects and the introduction of a fair pricing mechanism, the company and the steel industry will need to undertake significant structural changes.

Based on the current initiatives and with the expectation that the tariff and designation measures will be in place by the end of Q1 of 2016, or shortly thereafter, the board remains of the view that these interventions have a reasonable prospect of returning the company to profitability in the medium term.

Change in the rand:US dollar exchange rate will always have an important impact on our earnings.

On behalf of the board of directors

PS O'Flaherty
Chief executive officer

D Subramanian
Chief financial officer

3 February 2016

Independent auditor's report on summarised financial statements

TO THE SHAREHOLDERS OF ARCELORMITTAL SOUTH AFRICA LTD

The summarised consolidated financial statements of ArcelorMittal South Africa Ltd, contained in the accompanying preliminary report, which comprise the summarised consolidated statement of financial position as at 31 December 2015, the summarised consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of ArcelorMittal South Africa Ltd for the year ended 31 December 2015. We expressed a modified audit opinion on the consolidated financial statements in our auditor's report dated 4 February 2016 and our report contained an other matter paragraph "other reports required by the Companies Act" (refer below).

The summarised consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of ArcelorMittal South Africa Ltd.

Directors' responsibility for the summarised consolidated financial statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, set out in note 1 to the summarised consolidated financial statements, the requirements of the Companies Act of South Africa as applicable to summarised financial statements, and for such internal control as the directors determine is necessary to enable the preparation of the summarised consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

Auditor's responsibility

Our responsibility is to express an opinion on the summarised consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 *Engagements to Report on Summarised Financial Statements*.

Opinion

In our opinion, the summarised consolidated financial statements derived from the audited consolidated financial statements of ArcelorMittal South Africa Ltd for the year ended 31 December 2015 are consistent, in all material respects, with those consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, set out in note 1 to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Independent auditor's report on summarised financial statements continued

Emphasis of matter

The "emphasis of matter" paragraph in our audit report dated 4 February 2016 draws attention to a note within the audited consolidated financial statements of ArcelorMittal South Africa Ltd. Aligning herewith, and without qualifying our opinion, we draw attention to note 2 to the summarised consolidated financial statements derived from the audited consolidated financial statements of ArcelorMittal South Africa Ltd, which sets out the directors' plans and initiatives which, should they not materialise, along with other matters, indicates the existence of a material uncertainty which may cast significant doubt on the group and company's ability to continue as a going concern.

Other reports required by the Companies Act

The "other reports required by the Companies Act" paragraph in our audit report dated 4 February 2016 states that, as part of our audit of the consolidated financial statements for the year ended 31 December 2015, we have read the directors' report, the audit and risk committee's report and the company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summarised consolidated financial statements or our opinion thereon.

Deloitte & Touche.

Deloitte & Touche
Per: Mandisi Mantyi
Partner

4 February 2016

National Executive: LL Bam chief executive*, AE Swiegers chief operating officer*, GM Pinnock audit*, N Sing risk advisory*, NB Kader tax*, TP Pillay consulting, S Gwala BPaaS, K Black clients & industries*, JK Mazzocco talent & transformation*, MJ Jarvis finance*, M Jordan strategy*, MJ Comber reputation & risk*, TJ Brown chairman of the board*

**Partner and registered auditor*

A full list of partners is available on request.

B-BBEE rating: Level 2 contributor in terms of The Chartered Accountancy Profession Sector Code

Member of Deloitte Touche Tohmatsu Limited

Summarised consolidated statement of comprehensive income

Six months ended 31 December 2015 Unaudited	Six months ended 30 June 2015 Reviewed	Six months ended 31 December 2014 Reviewed	In millions of rand	Year ended 31 December 2015 Audited	Year ended 31 December 2014 Audited
14 698	16 443	16 925	**Revenue**	31 141	34 852
(8 229)	(10 954)	(10 567)	Raw materials and consumables used	(19 183)	(21 339)
(2 201)	(1 826)	(1 891)	Employee costs	(4 027)	(3 764)
(1 969)	(1 855)	(1 805)	Energy	(3 824)	(3 466)
(2 054)	1 597	355	Movement in inventories of finished goods and work in progress	(457)	292
(670)	(676)	(747)	Depreciation	(1 346)	(1 386)
(11)	(12)	(12)	Amortisation of intangible assets	(23)	(24)
(4 327)	(2 690)	(2 718)	Other operating expenses	(7 017)	(5 466)
(4 763)	27	(460)	**(Loss)/profit from operations**	(4 736)	(301)
(310)	–	–	Impairment of other assets	(310)	–
(3 944)	–	–	Impairment of property, plant and equipment and intangible assets	(3 944)	–
109	66	(28)	Finance and investment income	175	17
(790)	(418)	(353)	Finance costs	(1 208)	(605)
–	–	80	Gain recognised on loss of interest over former associate	–	80
35	160	89	Income from equity-accounted investments (net of tax)	195	191
(9 663)	(165)	(672)	**Loss before tax**	(9 828)	(618)
1 139	54	529	Income tax credit	1 193	460
(8 524)	(111)	(143)	**Loss for the period**	(8 635)	(158)
			Other comprehensive income/(loss)		
			Items that may be reclassified subsequently to profit or loss:		
1 023	209	402	Exchange differences on translation of foreign operations	1 232	445
(41)	60	(26)	(Losses)/gains on available-for-sale investment taken to equity	19	(29)
8	71	(247)	Share of other comprehensive income/(loss) of equity-accounted investments	79	(253)
(7 534)	229	(14)	**Total comprehensive (loss)/income for the period**	(7 305)	5
			Loss attributable to:		
(8 524)	(111)	(143)	Owners of the company	(8 635)	(158)
			Total comprehensive (loss)/income attributable to:		
(7 534)	229	(14)	Owners of the company	(7 305)	5
			Attributable loss per share (cents)		
(2 125)	(28)	(36)	– basic	(2 152)	(39)
(2 125)	(28)	(36)	– diluted	(2 152)	(39)

Summarised consolidated statement of financial position

In millions of rand	31 December 2015 Audited	As at 30 June 2015 Reviewed	31 December 2014 Audited
Assets			
Non-current assets	**17 634**	20 297	20 225
Property, plant and equipment (note 10)	**11 859**	15 719	16 001
Intangible assets	**112**	122	135
Equity-accounted investments	**5 090**	4 037	4 031
Other financial assets	**573**	419	58
Current assets	**13 328**	14 668	12 801
Inventories	**9 385**	11 493	10 684
Trade and other receivables	**1 666**	2 704*	1562
Taxation	**75**	73	64
Other financial assets	**38**	20	37
Cash and bank balances	**2 164**	378	454
Non-current asset held-for-sale	**–**	298	–
Total assets	**30 962**	35 263	33 026
Equity and liabilities			
Shareholders' equity	**13 472**	20 966	20 722
Stated capital	**37**	37	37
Non-distributable reserves	**175**	(899)	(1 294)
Retained income	**13 260**	21 828	21 979
Non-current liabilities	**3 324**	3 288	3 441
Other payables	**236**	223	261
Finance lease obligations	**193**	225	256
Deferred income tax liability	**–**	1 142	1 204
Non-current provisions	**2 895**	1 698	1 720
Current liabilities	**14 166**	11 009	8 863
Trade payables	**7 761**	6 558	6 402
Borrowings	**5 029**	2 900	1 000
Bank overdraft			
Finance lease obligations	**63**	71	92
Taxation	**–**	–	18
Current provisions	**541**	282	571
Other payables	**758**	1 192	769
Other financial liabilities	**14**	6	11
Total equity and liabilities	**30 962**	35 263	33 026

**The pre-payment asset of R14 million in current assets and R458 million in non-current assets previously disclosed separately on the statement of financial position in June 2015 as payments made in advance, have now been included under trade and other receivables.*

Summarised consolidated statement of cash flows

Six months ended				Year ended	
31 December 2015 Unaudited	30 June 2015 Reviewed	31 December 2014 Unaudited	In millions of rand	**31 December 2015 Audited**	31 December 2014 Audited
(21)	(1 086)	1 845	**Cash inflows/(outflows) from operating activities**	**(1 107)**	1 744
463	(727)	2 096	Cash generated from/(utilised in) operations	**(264)**	2 205
5	4	5	Interest income	**9**	12
(312)	(242)	(211)	Finance cost	**(554)**	(372)
(5)	(35)	(53)	Income tax paid	**(40)**	(84)
(172)	(86)	8	Realised foreign exchange movement	**(258)**	(17)
(305)	(835)	(1 793)	**Cash outflows from investing activities**	**(1 140)**	(2 608)
(534)	(630)	(1 794)	Investment to maintain operations	**(1 164)**	(2 640)
(66)	(26)	(53)	Investment to expand operations	**(92)**	(73)
298	(306)	42	Decrease/(increase) in equity-accounted investment	**(8)**	37
(2)	4	1	Proceeds from disposal of assets	**2**	1
5	3	3	Investment income – interest	**8**	6
(6)	120	8	Dividend from equity-accounted investments	**114**	61
2 089	1 848	(14)	**Cash inflows/(outflows) from financing activities**	**3 937**	77
2 089	1 848	(14)	(Decrease)/increase in borrowings and finance lease obligations	**3 937**	77
1 763	(73)	38	**Increase/(decrease) in cash and cash equivalents**	**1 690**	(787)
23	(3)	10	Effect of foreign exchange rate changes	**20**	50
378	454	406	**Cash and cash equivalents at the beginning of the period**	**454**	1 191
2 164	378	454	**Cash and cash equivalents at the end of the period**	**2 164**	454

Summarised 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 1 January 2014	37	(3 918)	2 304	22 271	20 694
Total comprehensive loss	–	–	34	(15)	19
Share-based payment reserve	–	–	10	(49)	10
Transfer of equity-accounted earnings	–	–	49	–	–
Balance as at 30 June 2014 (Reviewed)	37	(3 918)	2 397	22 207	20 723
Six months ended 31 December 2014 (unaudited)					
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
Six months ended 31 December 2015 (unaudited)					
Balance as at 30 June 2015	37	(3 918)	3 019	21 828	20 966
Total comprehensive income/(loss)	–	–	990	(8 524)	(7 534)
Share-based payment reserve	–	–	40	–	40
Transfer of equity-accounted earnings	–	–	44	(44)	–
Balance as at 31 December 2015 (audited)	**37**	**(3 918)**	**4 093**	**13 260**	**13 472**

Notes to the audited summarised group financial results

1. Basis of preparation

The summarised consolidated financial statements were prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports as well as the requirements of the Companies Act of South Africa. The summarised consolidated financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council. It also contains, as a minimum, the information required by IAS 34 *Interim Financial Reporting*. The accounting policies applied in the preparation of the summary consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements. These summarised consolidated financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with IFRS.

The summarised consolidated financial statements were prepared under the supervision of Mr D Subramanian, the group's chief financial officer.

2. Going concern

As at 31 December 2015 the current liabilities of the group exceeded its current assets by R838 million. However, following the rights offer on 15 January 2016, R3 200 million of borrowings, which were included in current liabilities, were converted into equity, reversing this position.

The group's funding plan for the next 12 months takes into account improved sales volumes due to a decrease in imports as a result of the imposition of required import tariffs in Q2 2016 and the current weak rand:US dollar exchange rate, continued efforts in cost reduction, the cut-back of non-essential capital expenditure, the sale of redundant assets, the continuation of the current facilities in place and the continued support from ArcelorMittal group as and when required.

The group's funding plan includes the successful rights offer concluded on 15 January 2016, which resulted in a net R1 300 million cash injection into the group. In addition, the group is well advanced in introducing black economic ownership at the equity level which should ensure further capital injection.

The group is also intending to convert its short-term borrowing facilities to medium-term debt and is looking at a number of options in this regard with the full support of the ArcelorMittal group.

Based on the above plans and initiatives, the board believes that the group 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 facilities, as well as specific cash initiatives outlined above, are sufficient to meet the group's present working capital and capital expenditure needs during that period.

Shareholders are cautioned that due to the material uncertainty around timing relating to import tariffs, fair pricing and steel localisation, the steel industry and ArcelorMittal South Africa Ltd would need to undertake significant structural changes should these government interventions not materialise in the next 12 months.

3. Significant accounting policies

These summarised consolidated financial statements were prepared using accounting policies that comply with IFRS. The accounting policies in the summarised consolidated financial statements for the year ended 31 December 2015 have been prepared on the historical cost basis, except for the revaluation of financial instruments. The accounting policies and methods of computation applied in the presentation of the financial results of the group 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 consolidated financial statements.

4. Independent audit by the auditors

Deloitte & Touche has issued a modified opinion on the annual consolidated financial statements, which included the emphasis of matter paragraph also included in the ISA 810 opinion issued on these summarised consolidated financial statements. A full set of the audited consolidated annual financial statements is available for inspection from the company secretary at the registered office of the company, and has been published on the company's website. The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

5. Capital expenditure commitments

Six months ended				Year ended	
31 December 2015 Unaudited	30 June 2015 Reviewed	31 December 2014 Unaudited	In millions of rand	**31 December 2015 Audited**	31 December 2014 Audited
992	607	377	Contracted	**992**	377
745	530	798	Authorised but not contracted	**745**	798

6. Related party transactions

The group is controlled by ArcelorMittal Holdings AG which effectively owns 52% (2014: 52%) (shares held by the Employee Share Trust are excluded from the total number of shares in issue) of the company's shares. A broad-based employee share scheme was implemented in October 2015 which owns 4.7% of the company 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 year-end the AM group loan was repayable in two tranches; at the end of January and July 2016, but subject to renegotiation, amounted to R3 200 million. Interest is payable at three-month Jibar plus 2.125% and an amount of R261 million (2014: R132 million) incurred for the year ended 31 December 2015.

7. Corporate governance (unaudited)

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

8. 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	**31 December 2015 Audited**	30 June 2015 Reviewed	31 December 2014 Audited	**Fair value hierarchy**	**Valuation techniques and key inputs**
Available-for-sale	**78**	119	58	Level 1	Quoted prices in an active market
Held-for-trading assets	**38**	20	37	Level 1	Quoted prices in an active market
Held-for-trading liabilities	**14**	6	11	Level 1	Quoted prices in an active market

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

9. Impairment

The following impairments were raised during the year:

- R3 574 million of the property, plant and equipment for Saldanha Works due to poor international steel export prices and the extremely high local electricity tariffs. Consequently, the future of the operation is currently being reviewed;
- Property, plant and equipment resulting from the VMS and the areas of the forge plants in Vereeniging being placed under care and maintenance of R370 million;
- The investment in ArcelorMittal Analytical Laboratories (Pty) Ltd, a joint venture with Coal of Africa Ltd, of R8 million; and
- The investment of R302 million in the Northern Cape Iron Ore Mining Operations due to current depressed iron ore prices.

10. Payments made in advance

Payments made in advance represented the contribution AMSA made towards the stripping costs of the Sishen mine in terms of the agreement. In accordance with the amended pricing formulae in the draft amended agreement, the terms of which have been agreed with Sishen Iron Ore Company (Pty) Ltd (SIOC), AMSA will pay a market price for iron ore and as a result no further pre-payments towards stripping payments would be made. The asset of R568 million was therefore derecognised and written off.

11. Competition Commission settlement

As reported in prior periods, and dating back to 2007, the Competition Commission (the Commission) has referred five cases to the Competition Tribunal and is formally investigating one further complaint against AMSA. The company has since engaged with the Commission and has made significant progress regarding a possible overall settlement and is in the process of finalising a detailed settlement agreement.

While the draft settlement agreement is still subject to final approval by the Commission and the Competition Tribunal, a provision of R1 245 million representing the present value of a proposed administrative penalty of R1 500 million has been recognised.

The company has, subject to certain conditions being agreed upon with the Commission, proposed to pay the administrative penalty over a period of five years subject to appropriate interest.

12. Thabazimbi closure

It is anticipated that the Thabazimbi mine will cease all mining activities in 2016 as it reached the end of its economic life following the slope failure at the mine. As a result, inventory of R233 million was written off to its net realisable value. Provisions were recognised for retrenchment costs of R249 million and developmental costs of R200 million. The developmental costs represent the provisional amount as indicated by SIOC, which is still subject to review before the final amount is determined.

13. Effective tax rate

The effective tax rate of 12% (compared to the statutory tax rate of 28%) for the year ended 31 December 2015 is primarily as a result of not recognising the deferred tax asset on the available income tax losses. This reduces the effective tax rate by approximately 16%. Management believes that the turnaround initiatives will result in the company returning to profitability at some point in the future. However, based on considerations presented, management believes it is premature to conclude at this stage that it is more likely than not for sufficient future taxable profits to be available against which the full proposed deferred tax asset can be utilised.

The effective tax rate of 74% (compared to the statutory rate of 28%) for the year ended 31 December 2014 is primarily as a result of adjustments recognised in 2014 in relation to prior periods, income tax benefits, post-tax income from equity-accounted investments and the investment in Ferrosure Isle of Man and non-deductible expenses.

14. Subsequent events

Rights issue

A successful rights offer for R4 500 million was concluded on 15 January 2016. ArcelorMittal group has underwritten the rights issue in its entirety, through repayment of an outstanding intra-group loan of R3 200 million and made an additional cash injection of approximately R460 million. The intra-group loan is being repaid in two tranches; the first has been repaid and the second will be paid in Q2 of 2016.

B-BBEE transaction

As part of ArcelorMittal South Africa's initiatives in transforming the company, it is proposed that the B-BBEE transaction is undertaken to achieve a sustainable black ownership in the company in order for the company to maximise its score under the B-BBEE Codes of Good Practice. ArcelorMittal South Africa has now finalised the selection of a potential B-BBEE partner/s with whom to commence negotiations to conclude the transaction for an equity interest in the company.

No further events have come to the attention of management that warrant disclosure as of the day of this report.

Segment information

Flat steel products

Six months ended				Year ended	
31 December 2015 Unaudited	30 June 2015 Reviewed	31 December 2014 Unaudited		**31 December 2015 Audited**	31 December 2014 Audited
9 229	10 678	12 261	Revenue (R million)	**19 907**	24 441
9 017	10 466	11 385	– External	**19 483**	22 957
212	212	876	– Internal	**424**	1 484
(1 424)	155	351	Ebitda (R million) (unaudited)	**(1 269)**	535
(15.4)	1.5	2.9	Ebitda margin (%) (unaudited)	**(6.4)**	2.2
6 458	7 289	7 281	Average net realisable price (R/t) (unaudited)	**6 891**	7 226
8 070	7 749	8 069	Ebitda cost/tonne sold (R/t) (unaudited)	**7 907**	8 019
(485)	(488)	(554)	Depreciation and amortisation (R million)	**(973)**	(1 064)
(2 758)	(333)	(203)	Loss from operations (R million)	**(3 091)**	(529)
			Unaudited information		
1 438	1 707	1 867	Liquid steel production (000 tonnes)	**3 145**	3 586
1 320	1 358	1 476	Steel sales (000 tonnes)	**2 678**	2 981
932	983	982	– Local	**1 915**	1 951
388	375	494	– Export	**763**	1 030
68	82	88	Capacity utilisation (%)	**75**	85

Segment information continued

Long steel products

Six months ended				Year ended	
31 December 2015 Unaudited	30 June 2015 Reviewed	31 December 2014 Unaudited		31 December 2015 Audited	31 December 2014 Audited
5 153	5 719	5 855	Revenue (R million)	10 872	12 411
4 929	5 020	4 547	– External	9 949	9 911
224	699	1 308	– Internal	923	2 500
(366)	18	(162)	Ebitda (R million) (unaudited)	(348)	16
(7.1)	0.3	(2.8)	Ebitda margin (%) (unaudited)	(3.2)	0.1
5 919	7 048	7 825	Average net realisable price (R/t) (unaudited)	6 423	7 585
7 085	8 458	10 575	Ebitda cost/tonne sold (R/t) (unaudited)	7 722	9 845
(194)	(197)	(205)	Depreciation and amortisation (R million)	(391)	(342)
(1 047)	(179)	(367)	Loss from operations (R million)	(1 226)	(326)
			Unaudited information		
838	856	265	Liquid steel production (000 tonnes)	1 694	932
779	674	569	Steel sales (000 tonnes)	1 453	1 259
546	578	486	– Local	1 124	1 051
233	96	83	– Export	329	208
72	75	23	Capacity utilisation (%)	73	41

Segment information continued

Coke and chemicals

Six months ended				Year ended	
31 December 2015 Unaudited	30 June 2015 Reviewed	31 December 2014 Unaudited		**31 December 2015 Audited**	31 December 2014 Audited
809	990	1 025	Revenue (R million)	**1 799**	2 044
752	957	993	– External	**1 709**	1 984
57	33	32	– Internal	**90**	60
198	229	223	Ebitda (R million) (unaudited)	**427**	428
24.5	23.1	21.8	Ebitda margin (%) (unaudited)	**23.7**	20.9
(17)	(18)	(18)	Depreciation and amortisation (R million)	**(35)**	(35)
181	211	205	Profit from operations (R million)	**392**	393
			Unaudited information		
178	228	293	Commercial coke produced (000 tonnes)	**406**	522
199	252	258	Commercial coke sales (000 tonnes)	**451**	466
49	47	57	Tar sales (000 tonnes)	**96**	110

Corporate and other

Six months ended				Year ended	
31 December 2015 Unaudited	30 June 2015 Reviewed	31 December 2014 Unaudited		**31 December 2015 Audited**	31 December 2014 Audited
142	239	36	Ebitda (R million) (unaudited)	**381**	279
15	15	18	Depreciation and amortisation credit (R million)	**30**	31
(1 139)	328	(95)	(Loss)/profit from operations (R million)	**(811)**	161

Additional information

Six months ended				Year ended	
31 December 2015 Unaudited	30 June 2015 Reviewed	31 December 2014 Unaudited	In millions of rand	31 December 2015 Audited	31 December 2014 Audited
			Reconciliation of earnings before interest, taxation, depreciation and amortisation (ebitda)		
(4 763)	27	(460)	Profit/(loss) from operations	**(4 736)**	(301)
			Adjusted for:		
670	676	747	– Depreciation	**1 346**	1 386
11	12	12	– Amortisation of Intangible assets	**23**	24
682	–	–	– Thabazimbi mine closure costs	**682**	–
51	(74)	50	– Tshikondeni mine closure costs	**(23)**	50
86	–	–	– Vereeniging closure costs	**86**	–
1 245	–	–	– Competition Commission settlement	**1 245**	–
568	–	–	**Derecognised payment in advance**	**568**	–
–	–	90	– Restructuring cost	**–**	90
–	–	9	– Onerous contract – Sandton office	**–**	9
(1 450)	641	448	**Ebitda for the period**	**(809)**	1 258

Additional information continued

Six months ended 31 December 2015 Unaudited	Six months ended 30 June 2015 Reviewed	Six months ended 31 December 2014 Unaudited	In millions of rand	Year ended 31 December 2015 Audited	Year ended 31 December 2014 Audited
			Reconciliation of headline loss		
(8 524)	(111)	(143)	Loss for the period	(8 635)	(158)
			Adjusted for:	–	
–	–	(80)	– Gain recognised on loss of interest over former associate		(80)
4 254	–	–	– Impairment charges	4 254	
3	2	16	– Loss/(profit) on disposal or scrapping of assets	5	29
–	–	(16)	– Profit on disposal of assets of an associate	–	(16)
(994)	–	2	– Tax effect	(994)	(2)
(5 261)	(109)	(221)	**Headline loss for the period**	(5 370)	(227)
			Headline loss per share (cents)		
(1 311)	(27)	(55)	– basic	(1 338)	(57)
(1 311)	(27)	(55)	– diluted	(1 338)	(57)
			Return on ordinary shareholders' equity per annum		
(99.0)	(1.1)	(1.4)	– Attributable earnings (%)	(50.5)	(0.8)
(61.2)	(1.0)	(2.1)	– Headline earnings (%)	(31.4)	(1.1)
(21.3)	(12.0)	(2.6)	– Net cash to equity (%)	(21.3)	(2.6)
			Share statistics		
			Ordinary shares (thousands)		
401 202	401 202	401 202	– in issue	401 202	401 202
401 202	401 202	401 202	– weighted average number of shares	401 202	401 202
401 202	401 202	401 202	– diluted weighted average number of shares	401 202	401 202
4.50	12.15	26.41	Share price (closing) (rand)	4.50	26.41
1 805	4 875	10 596	Market capitalisation (R million)	1 805	10 596
33.58	52.26	51.65	Net asset value per share (rand)	33.58	51.65

Other information

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

Directors: *Non-executive:* PM Makwana* (chairman), L Cele* DK Chugh†, J Modise*, MAM Vereecke#, RK Kothari°, NP Mnxasana*, LP Mondi, DCG Murray*, N Nicolau* †*Citizen of the United Kingdom* #*Citizen of Belgium* °*Citizen of India* **Independent non-executive*
Executive: PS O'Flaherty (chief executive officer), D Subramanian (chief financial officer)

Company secretary: Nomonde Bam

Sponsor: J.P. Morgan Equities South Africa (Pty) Ltd, 1 Fricker Road, Illovo, 2196, Private Bag X9936, Sandton, 2146

Transfer secretaries: Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001, PO Box 61051, Marshalltown, 2107

Release date: 12 February 2016

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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 audited or reported on by the company's auditors.

Disclaimer

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ArcelorMittal South Africa undertakes no obligation to publicly update its forward looking statements, whether as a result of new information, future events, or otherwise.

BASTION GRAPHICS