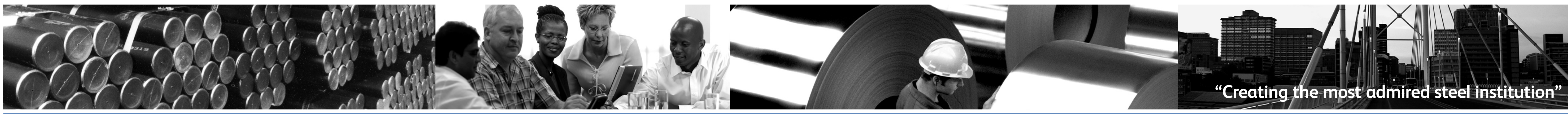
Mittal Steel South Africa Limited

(Formerly Ispat Iscor Limited)

Reviewed Group Interim Financial Results

and dividend announcement for the six months ended 30 June 2006

MITTAL



Financial results

Headline earnings for the past six months of R1 912 million declined by 41 % compared to the corresponding period last year but increased by 3 % compared to the previous six months.

The main reasons for the substantial decline from last year were lower sales prices, an increase in costs, lower export volumes, lower equity accounted earnings and voluntary retrenchment packages. This was partially offset by higher local volumes and foreign exchange gains.

	Six months ended 30 Jun 2006 Reviewed Rm	31 Dec 2005 Unaudited Rm	30 Jun 2005 Restated Rm	Year ended 31 Dec 2005 Restated Rm
Revenue	**12 132**	11 910	12 386	24 296
Operating profit	**2 202**	2 813	4 053	6 866
Gains/(Losses) on foreign exchange and financial instruments	**476**	(42)	287	245
Finance costs:				
• net interest income	**147**	76	66	142
• imputed interest on non-current provisions	**(26)**	**(110)	(30)	**(140)
Income from investments	**2**	2	3	5
Taxation	**(908)**	(1 001)	(1 326)	(2 327)
Equity earnings*	**19**	120	157	277
Attributable earnings	**1 912**	1 858	3 210	5 068
Headline earnings (Rm)	**1 912**	1 858	3 221	5 079
Headline earnings (US$m)	**302**	286	521	807

* After tax.

** Includes an additional charge of R69 million as a result of reducing the discount rate applied to estimated future cash flows.

Quarterly comparable headline earnings (Unaudited)

Headline earnings for the quarter increased by 80 % from the previous quarter and was 32 % higher than the average of the second half last year. However, compared to the record average headline earnings achieved during the first half of 2005, headline earnings for the past quarter was 24 % down mainly due to lower selling prices and an increase in costs.

Quarter to	US$m	Rm	Exchange rate
March 2005	264	1 578	5,97
June 2005	257	1 643	6,40
Average	261	1 611	6,19
September 2005	152	987	6,50
December 2005	134	871	6,52
Average	143	929	6,51
March 2006	112	684	6,13
June 2006	190	1 228	6,46
Average	151	956	6,29

Operating results

Revenue	Six months ended 30 Jun 2006 Reviewed Rm	31 Dec 2005 Unaudited Rm	30 Jun 2005 Restated Rm	Year ended 31 Dec 2005 Restated Rm
Flat products*	**8 109**	8 149	8 479	16 628
Long Products**	**3 861**	3 549	3 667	7 216
Coke & Chemicals***	**438**	516	540	1 056
Inter-group eliminations	**(276)**	(304)	(300)	(604)
Total	**12 132**	11 910	12 386	24 296

Operating profit

	Six months ended 30 Jun 2006 Reviewed Rm	31 Dec 2005 Unaudited Rm	30 Jun 2005 Restated Rm	Year ended 31 Dec 2005 Restated Rm
Flat products*	**1 181**	1 679	2 812	4 491
Long Products**	**935**	983	1 125	2 108
Coke & Chemicals***	**62**	142	159	301
Corporate and other	**24**	9	(43)	(34)
Total	**2 202**	2 813	4 053	6 866

* Flat products includes Vanderbijlpark and Saldanha. This represents a change from previous disclosure, which reported the results of Vanderbijlpark and Saldanha operations seperately, and now corresponds to the current manner in which the Flat Steel business is reported internally.

** Long Products includes Vereeniging and Newcastle.

*** Coke & Chemicals includes Pretoria and Vanderbijlpark market coke operations.

Operating results (continued)

Operating profit for the six months of R2 202 million was 46 % lower than the corresponding period last year, with the most notable declines at our Flat Steel and our Coke & Chemicals businesses while our Long Products business was more stable.

In general the decline in our steel business was driven by lower sales prices and a significant increase in costs. The increase in costs was aggravated at the Vanderbijlpark and Saldanha plants by the production problems experienced during the period. Liquid steel production at Vanderbijlpark and Saldanha decreased by 6 % and 7 %, respectively, while Long Products remained in line with the first half last year.

The decline in operating income from our Coke & Chemicals business was mainly due to a sharp decline in the international market coke price.

Market review

International Market

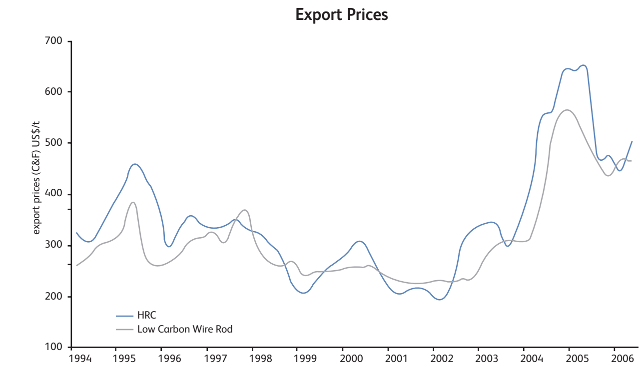
Export volumes for the six months declined by 14 % compared to the corresponding period last year and 25 % compared to the previous six months mainly due to an increase in domestic sales volumes.

Hot rolled coil export prices were significantly lower than last year mainly due to the decline during the second half of last year which continued to prevail during the first quarter of 2006.

However, during quarter two, prices of both flat and long products have shown a remarkable strength in all major regions and order intake prices regained lost ground during June 2006 on some products.

Prices are expected to remain strong during the second half of the year.

Export Prices



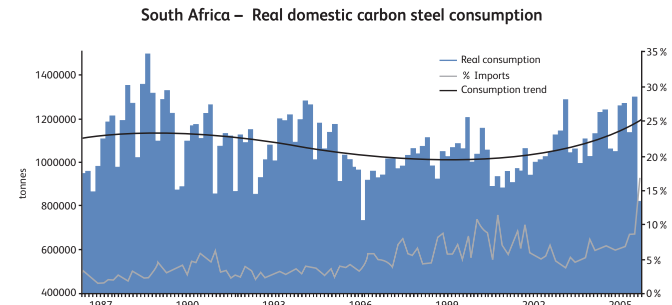
Source: Mittal Steel South Africa Limited

Domestic Market

Domestic demand during the past six months was very strong and increased by 22 % compared to last year, driven by growth in demand from the building and construction, automotive and packaging sectors.

Domestic demand is expected to remain buoyant for the remainder of the year while the recent weakening of the Rand should stimulate demand from export orientated industries.

South Africa – Real domestic carbon steel consumption



Source: South African Iron and Steel Institute

Cost

Cash cost per tonne of hot rolled coil and billets for the six months on average increased by 10 % compared to the corresponding period last year, driven by substantial increases in the cost of imported coal, local coal and imported pellets.

The cost of galvanized material increased by 76 % due to an increase in the price of zinc by more than 100 %.

Voluntary retrenchment packages to the value of R155 million were provided and paid during the past six months.

Contingent liabilities

An appeal was lodged with SARS against the disallowance of the deductibility of the payment made in terms of the BAA. We requested SARS to follow the Alternative Dispute Resolution (ADR) route to resolve the issue. A date still has to be set by SARS. A contingent liability of R403 million plus interest thereon exists and no provision has been made in this regard.

The case at the Competition Tribunal on alleged excessive pricing brought by the goldminers, Harmony and DRD was delayed by the application from the goldminers to amend their plea. Final dates for the closing arguments are scheduled for November with a ruling only expected early next year. We maintain our view, based on advice from senior counsel, that no significant exposure exists in this regard. No provision has therefore been raised and no contingent liability quantified as per note 10.

Outlook for quarter three 2006

The results for quarter three is expected to remain strong, driven by higher sales prices, higher domestic volumes, a more stable production environment and the full benefit of our voluntary retrenchment programme. However, the movement in the exchange rate will always have a major impact.

Dividend announcement

In line with the Company's policy, the Board declared an interim dividend of 143 cents, covered approximately three times by headline earnings.

Payment in South African Rand will be made on Monday, 4 September 2006 to shareholders recorded in the register on Friday, 1 September 2006. The last day of trade to qualify for the dividend will be Friday, 25 August 2006 and the shares will trade ex-dividend from Monday, 28 August 2006. Share certificates may not be dematerialised or rematerialised between Monday, 28 August 2006 and Friday, 1 September 2006, both days inclusive. Dividend entitlements of less than ten Rand will be donated to charity in terms of the articles of association.

On behalf of the Board

DK Chugh
(Chief Executive Officer)

HJ Verster
(Executive Director Finance)

31 July 2006

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Mittal Steel South Africa
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Delfos Boulevard
Vanderbijlpark, 1911

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K Ngqula *(Chairman)*, DK Chugh* *(Chief Executive Officer)*,
Dr SE Jonah KBE **, S Maheshwari*, JJ Mashaba, A Mittal*,
LN Mittal*, Dr KDK Mokhele, MJN Njeke, HJ Verster

* *Citizen of India*
** *Citizen of Ghana*

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")

Forward-looking statements

Certain 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 known and unknown risks and uncertainties and can be affected by other factors, that could cause actual results and Company plans and objectives to differ materially from those expressed or implied in the forward-looking statements (or from past results).

This report is available on the Mittal Steel South Africa World Wide Web site at: http://www.mittalsteelsa.com.

Share queries: Please call the Mittal Steel Share care toll free on 0800 006 960
or +27 11 370 7850 if calling from outside South Africa

CONDENSED GROUP INCOME STATEMENT

	Six months ended 30 Jun 2006 Reviewed Rm	30 Jun 2005 Restated Rm	Year ended 31 Dec 2005 Restated Rm
Revenue	**12 132**	12 386	24 296
Operating expenses	**(9 330)**	(7 744)	(16 232)
Earnings before interest, taxation, depreciation and amortisation (Ebitda)	**2 802**	4 642	8 064
Depreciation	**(583)**	(577)	(1 147)
Amortisation of intangible assets	**(17)**	(1)	(40)
Profit from operations before goodwill impairment	**2 202**	4 064	6 877
Goodwill impairment (Note 2)		(11)	(11)
Profit from operations	**2 202**	4 053	6 866
Gains on foreign exchange and financial instruments (Note 3)	**476**	287	245
Net interest income (Note 4)	**121**	36	2
Income from investments	**2**	3	5
Income from equity-accounted investments before taxation	**22**	171	295
Profit before taxation	**2 823**	4 550	7 413
Income tax expense (Note 5)	**(911)**	(1 340)	(2 345)
Profit for period	**1 912**	3 210	5 068
Attributable earnings per share (cents)			
• basic	**429**	720	1 137
• diluted	**428**	718	1 135

ADDITIONAL INFORMATION

	Six months ended 30 Jun 2006 Reviewed Rm	30 Jun 2005 Restated Rm	Year ended 31 Dec 2005 Restated Rm
Profit attributable to ordinary shareholders	**1 912**	3 210	5 068
Adjusted for:			
• *goodwill impairment (Note 2)*		11	11
Headline earnings	**1 912**	3 221	5 079
Performance per ordinary share			
Dividend per share (cents)			
• interim	**143**	240	240
• final			140
Headline earnings per share (cents)			
• basic	**429**	723	1 139
• diluted	**428**	721	1 137
Net asset value per share (cents)	**4 683**	4 234	4 365
Ordinary shares (million)			
• in issue	**446**	446	446
• weighted average number of shares	**446**	446	446
• diluted weighted average number of shares	**446**	447	447
Ratios (%)			
Ebitda margin	**23,1**	37,5	33,2
Return on ordinary shareholders' equity per annum			
• attributable earnings	**19,0**	36,9	28,7
• headline earnings	**19,0**	37,0	28,7
Net cash to equity	**28,6**	22,5	26,3
Market capitalisation (Rm)	**33 320**	20 950	23 302

CONDENSED GROUP CASH FLOW

	Six months ended 30 Jun 2006 Reviewed Rm	30 Jun 2005 Restated Rm	Year ended 31 Dec 2005 Restated Rm
Cash inflow from operating activities	**1 340**	780	2 754
Cash generated from operations	**2 595**	3 990	8 407
Net interest income	**153**	74	167
Income tax paid	**(784)**	(1 501)	(2 967)
Dividend paid	**(624)**	(1 783)	(2 853)
Cash outflows from investing activities	**(503)**	(470)	(1 518)
Investments to maintain operations	**(363)**	(407)	(1 209)
Investments to expand operations	**(243)**	(86)	(358)
Proceeds from disposal of property, plant and equipment	**7**	20	6
Investment income	**2**	3	5
Dividend from equity accounted investments	**94**		38
Net cash inflow	**837**	310	1 236
Cash outflows from financing activities	**(23)**	(35)	(54)
Increase in cash and cash equivalents	**814**	275	1 182
Effect of foreign exchange rate changes	**8**	15	(4)
Cash and cash equivalents at beginning of period	**5 218**	4 040	4 040
Cash and cash equivalents at end of period	**6 040**	4 330	5 218

CONDENSED GROUP BALANCE SHEET

	As at 30 Jun 2006 Reviewed Rm	30 Jun 2005 Restated Rm	As at 31 Dec 2005 Restated Rm
ASSETS			
Non-current assets	**15 088**	14 673	15 094
Property, plant and equipment	**13 976**	13 775	14 038
Intangible assets	**57**	29	74
Investments in unlisted joint ventures (Note 6)	**938**	867	911
Non-current receivables (Note 7)	**10**	2	10
Non-current financial assets	**107**		61
Current assets	**12 743**	10 863	11 017
Inventories	**3 552**	3 893	3 906
Trade and other receivables	**2 919**	2 640	1 731
Taxation	**157**		116
Current financial assets	**75**		46
Cash and cash equivalents	**6 040**	4 330	5 218
Total assets	**27 831**	25 536	26 111
EQUITY AND LIABILITIES			
Shareholders' equity			
Stated capital	**6 389**	6 389	6 389
Non-distributable reserves	**624**	581	610
Retained income	**13 863**	11 946	12 500
Ordinary shareholders capital	**20 876**	18 916	19 499
Non-current liabilities	**3 792**	3 518	3 700
Interest bearing borrowings	**61**	71	71
Provisions	**1 260**	1 219	1 282
Provision for post-retirement medical costs	**7**	10	6
Non-current capital lease commitment	**304**	385	349
Deferred tax liability	**2 160**	1 833	1 992
Current liabilities	**3 163**	3 102	2 912
Interest bearing borrowings	**10**	10	10
Current capital lease commitment	**78**	88	77
Trade and other payables	**2 918**	2 325	2 637
Current taxation		508	
Provisions	**157**	171	188
Total equity and liabilities	**27 831**	25 536	26 111
Net cash (Note 8)	**5 969**	4 249	5 137

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Six months ended 30 Jun 2006 Reviewed Rm	30 Jun 2005 Restated Rm	Year ended 31 Dec 2005 Restated Rm
Stated capital			
• At beginning of period	**6 389**	6 389	6 389
• At end of period	**6 389**	6 389	6 389
Non-distributable reserves			
• At beginning of period	**610**	306	306
• Movement for period	**14**	275	304
– management share trust loss	**(16)**	(31)	(42)
– cost of share options	**9**	(3)	8
– currency translation gains	**117**	56	68
– financial instruments fair value movement	**(21)**	14	25
– share of joint venture hedging reserve		78	1
– transfer of equity accounted earnings	**(75)**	161	244
• **At end of period**	**624**	581	610
Retained income			
• At beginning of period	**12 500**	9 343	9 192
– as previously stated	**12 518**	9 352	9 352
– change in accounting for Collect-a-Can	**(6)**	(10)	(12)
– adoption of IFRIC 4	**(12)**	4	4
– change in accounting policy mineral rights restated to cost		(3)	(152)
• Movement for period	**1 363**	2 603	3 308
– net profit	**1 912**	3 210	5 068
– dividend paid	**(624)**	(446)	(1 516)
– transfer of equity accounted earnings	**75**	(161)	(244)
• **At end of period**	**13 863**	11 946	12 500
Minority interest			
• At beginning of period			
– as previously stated	**9**	7	7
– change in accounting for Collect-a-Can	**(9)**	(7)	(7)
• **At end of period**			
Total equity at end of period	**20 876**	18 916	19 49

NOTES TO THE REVIEWED FINANCIAL STATEMENTS

1. **Basis of preparation**

These interim condensed financial statements are prepared in accordance with IAS 34 Interim Financial Reporting, and Schedule 4 to the South African Companies Act, 1973, as amended, and should be read in conjunction with the 31 December 2005 financial statements. All IFRS and IFRIC interpretations issued and effective as at 30 June 2006 have been applied.

The accounting policies adopted and methods of computation are consistent with those applied in the financial statements for the year ended 31 December 2005, except for the adoption of IFRIC 4, determining whether an arrangement contains a lease. The net carrying value of property, plant and equipment increased by R852 million, capital lease commitments increased by R384 million, current receivables decreased by R88 million, non-current receivables decreased by R438 million, opening retained earnings increased by R4 million, 2005 earnings decreased by R16 million and 2005 earnings per share decreased by 3 cents. The treatment of transport costs recovered from customers as a deduction from revenue was re-assessed and is now included in revenue (R337 million) and the cost paid to transport contractors is included in cost of sales (R337 million). This has no impact on operating profits. The Group has re-assessed its accounting treatment of the investment in Collect-a-Can and is now accounted for it as a jointly controlled entity, using the equity accounting method; previously this was accounted for as a subsidiary. This resulted in a decrease of assets by R27 million, liabilities decreased by R7 million, opening retained earnings decreased by R15 million, 2005 earnings increased by R5 million and an increase of 1 cent in 2005 earnings per share.

The prior year results have been restated in compliance with IAS 8 Accounting policies, changes in accounting estimates and errors.

2. **Goodwill impairment**

The Company purchased as part of a structured finance deal 100 % of Pybus Fifty-Seven (Pty) Limited on 1 July 2002, resulting in the recognition of a R64 million positive goodwill asset on acquisition. The Company assessed its expected benefits from this investment to be less than the carrying value and, as a result, the total amount of goodwill has been impaired.

	Six months ended 30 Jun 2006 Reviewed Rm	30 Jun 2005 Restated Rm	Year ended 31 Dec 2005 Restated Rm
3. **Gains on foreign exchange and financial instruments**	**476**	287	245
Gains on changes in foreign exchange rates	**504**	341	165
Losses on changes in foreign exchange rates	**(118)**	(76)	(58)
Gains on changes in the fair value of embedded derivative instruments	**66**		106
Gains on changes in the fair value of hedging derivative instruments accounted for as fair value and cash flow hedges	**24**	22	32
4. **Net interest income**	**121**	36	2
Interest income	**168**	87	189
Interest expense	**(21)**	(21)	(47)
Imputed interest on non-current provisions	**(26)**	(30)	(140)
5. **Taxation**	**911**	1 340	2 345
Company and subsidiaries	**908**	1 326	2 327
Equity accounted investments	**3**	14	18
The income tax expense is based on the best estimate of the weighted average annual effective income tax rate expected for the full financial year.			
6. **Investments in joint ventures**			
Unlisted investments			
• directors' valuation	**1 033**	1 028	1 077
7. **Non-current financial receivables**			
Non-derivative loans and receivables	**10**	2	10
8. **Net cash**	**5 969**	4 249	5 137
Cash and cash equivalents	**6 040**	4 330	5 218
Interest bearing borrowings			
• non-current	**(61)**	(71)	(71)
• current	**(10)**	(10)	(10)
9. **Capital expenditure**			
• incurred	**606**	493	1 567
• contracted	**1 373**	1 019	740
• authorised but not contracted	**1 659**	1 018	486
10. **Contingent liabilities**	**633**	624	623
• guarantees	**130**	121	120
• tax contingent liabilities	**503**	503	503
11. **Operating lease commitments**	**297**	22	29
• less than one year	**124**	2	2
• more than one year and less than five years	**173**	20	27

12. **Related party transactions**

The Group is controlled by Mittal Steel Company N.V. which owns 52.02 % of the Company's shares.

During the period the Company and its subsidiaries, in the ordinary course of business, entered into various sale and purchase transactions with joint venturers.

These transactions occurred under terms that are not less favorable to Mittal Steel South Africa than those arranged with third parties.

13. **Independent review by the auditors**

These interim results have been reviewed by our auditors, Deloitte & Touche, in terms of International Standards on Review Engagements. The scope of the review was to enable the auditors to report that nothing came to their attention that caused them to believe that the accompanying condensed consolidated interim financial statements are not fairly presented, in all material respects, in accordance with International Financial Reporting Standards applicable to interim Financial Reporting and the South African Companies Act. Their unmodified review report on the condensed consolidated interim financial statements is available for inspection at the registered office of the Company.

14. **Listings Requirements**

This interim announcement has been prepared in accordance with the Listings Requirements of the JSE Limited.

15. **Corporate governance**

The Group fully supports the Code of Corporate Practices and Conduct as contained in the second King Report on Corporate Governance.

UNAUDITED SUPPLEMENTARY PHYSICAL INFORMATION ('000 TONNES)

	Six months ended 30 Jun 2006	31 Dec 2005	30 Jun 2005	Year ended 31 Dec 2005
FLAT STEEL PRODUCTS				
Vanderbijlpark				
Liquid steel production	**1 863**	1 837	1 986	3 823
Sales	**1 677**	1 603	1 520	3 123
Saldanha Steel				
Liquid steel production	**570**	628	616	1 244
Sales	**540**	613	547	1 160
LONG STEEL PRODUCTS				
Liquid steel production	**1 100**	1 089	1 105	2 194
Sales	**1 015**	981	966	1 947
TOTAL				
Liquid steel production	**3 533**	3 554	3 707	7 261
Sales	**3 232**	3 197	3 033	6 230
• local	**2 129**	1 735	1 750	3 485
• export	**1 103**	1 462	1 283	2 745
Local sales as percentage of total sales	**66**	54	58	56

	30 Jun 2006	31 Mar 2006	Three months ended 31 Dec 2005	30 Sept 2005	30 Jun 2005
FLAT STEEL PRODUCTS					
Vanderbijlpark					
Liquid steel production	**977**	886	890	947	1 010
Sales	**852**	825	751	852	753
Saldanha Steel					
Liquid steel production	**310**	260	299	329	298
Sales	**273**	267	300	313	241
LONG STEEL PRODUCTS					
Liquid steel production	**578**	522	546	543	550
Sales	**508**	507	477	504	505
TOTAL					
Liquid steel production	**1 865**	1 668	1 735	1 819	1 858
Sales	**1 633**	1 599	1 528	1 669	1 499
• local	**1 095**	1 034	880	855	878
• export	**538**	565	648	814	621
Local sales as percentage of total sales	**67**	65	58	51	59

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