Reviewed group interim financial results for the six months ended 30 June 2012

ArcelorMittal South Africa Limited

Registration number: 1989/002164/06 Share code: ACL ISIN: ZAE 000134961

("ArcelorMittal South Africa", "the company" or "the group")

ArcelorMittal

Registered office

ArcelorMittal South Africa Limited, Room N3-5, Main Building, Delfos Boulevard, Vanderbijlpark, 1911

Directors

Non-executive

MJN Njeke* (Chairman), DK Chugh■, FA du Plessis*, M Macdonald*, S Maheshwari■, LP Mondi, DCG Murray*, ND Orleyn*, G Urquijo°

■Citizen of India °Citizen of Spain *Independent non-executive

Executive

N Nyembezi-Heita (Chief Executive Officer), RH Torlage (Chief Financial Officer)

Company Secretary

Premium Corporate Consulting Services Proprietary Limited

Sponsor

Deutsche Securities (SA) Proprietary Limited, 87 Maude Street, Sandton, 2146. Private Bag X9933, Sandton, 2146

Transfer secretaries

Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001

PO Box 61051, Marshalltown, Johannesburg, 2107

Overview

Domestic steel demand was weaker than anticipated during the second quarter and together with higher input costs, resulted in a decline in headline earnings to R106 million for the six months ended 30 June 2012 from R668 million for the corresponding period last year. Compared to the previous six months, headline earnings improved by R826 million from a headline loss of R720 million following various production interruptions during the second half of last year. The first half of 2012 saw improved operational stability in all our operations with no major incidents.

EBITDA for the first half of R1.04 billion represents a drop of R0.6 billion compared to the corresponding six months due to lower sales and higher input costs, offset by higher domestic prices. Liquid steel production was down 11% compared to prior year and up 15% compared to the previous six months following significant production losses during the second half of last year, most notably as a result of the dust catcher failure at Newcastle. Sales dropped marginally compared to the corresponding period but rose 19% against the previous six months.

Safety remains our key priority. We are pleased to report an all-time record for lost time injury frequency rate for the period of 0.6. During the reporting period, our Saldanha operations achieved a new record of 370 days without a lost time injury. Most importantly, we completed the half-year with zero fatalities.

Key statistics

Quarter ended 30 June 2012	31 March 2012	30 June 2011		Six months ended 30 June 2012	30 June 2011	Year ended 31 December 2011
8 650	9 142	8 799	Revenue (R million)	**17 792**	16 576	31 453
224	817	987	EBITDA (R million)	**1 041**	1 635	1 720
179	634	766	EBITDA/tonne (R/t)	**410**	633	365
2.6	8.9	11.2	EBITDA margin (%)	**5.9**	9.9	5.5
(198)	458	631	Profit/(loss) from operations (R million)	**260**	929	297
(177)	279	470	Net profit/(loss) (R million)	**102**	654	8
(177)	283	473	Headline earnings/(loss) (R million)	**106**	668	(52)
(44)	71	118	Headline earnings/(loss) per share (cents)	**26**	166	(13)
1 344	1 383	1 639	Liquid steel production ('000 tonnes)	**2 727**	3 076	5 453
1 249	1 288	1 289	Steel sales ('000 tonnes)	**2 537**	2 582	4 708
844	994	1 024	– Local	**1 838**	1 920	3 507
405	294	265	– Export	**699**	662	1 201
0.6	0.81	1.1	Lost time injury frequency rate	**0.6**	1.1	1.24

Market review

International

Global steel consumption remains subdued with demand in Europe still sluggish, whilst a slowdown in economic growth in China contributed to a decline in steel consumption growth. China entered a less steel-intensive growth phase at a time when uncertainty in the eurozone resulting from the debt crisis persists, depressing steel demand in most markets. It is remarkable that China is still expanding its production despite the slack market demand.

On the continent, the sub-Saharan region continues to enjoy a relatively favourable growth in steel consumption. The region is projected to grow at an average of 5% over the next three years, with infrastructure investments in energy generation, improved mining investments and housing related developments being the key drivers of steel demand. However, the increased influx of steel imports and participation of construction companies from other regions that use material from their country of origin will serve to heighten competition.

Domestic

The annualised GDP growth rate for the South African economy for the second quarter of 2012 of around 2.6% is down from the already low 2.7% registered during the first quarter. Building and construction – the main driver of steel consumption – has shown no signs of improvement while only moderate growth was evident from the manufacturing sector despite the weaker rand improving business sentiment for the export sector. The mining sector continued to register a slowdown in production levels and investment. The exception to the overall negative trend in the domestic market was the automotive sector, which continued to enjoy some buoyancy. Nevertheless, overall steel demand was down on the previous year.

Financial review

Six months ended 30 June 2012 compared with six months ended 30 June 2011

Total revenue of R17.8 billion was 7% higher driven by a 13% increase in average net realised prices, of which local prices increased by 12% and exports by 19%. This was primarily due to a weakening in the average rand/US dollar exchange rate from R6.90 to R7,94. Steel shipments were down 2%, with flat products dropping 6% while long products were up 10%. Local shipments decreased by 4% as a result of poor domestic market conditions and exports increased by 6%. Revenue from Coke and Chemicals of R0.9 billion was 31% lower due to a 38% decline in commercial coke sales to total 232 000 tonnes. Average net realised prices were slightly lower.

The increase in revenue was offset by higher operating costs, with the production cash cost of hot rolled coil increasing by 11% and billets by 13%. This resulted from a 20% rise in the price of iron ore, 19% for electricity, 12% for local coking coal and 2% for imported hard coking coal on a US dollar FOB basis and 15% on a Rand delivered basis, resulting in an operating profit of R260 million, a decrease of 72% compared to prior year.

Included in the results is a second payment on the insurance recovery of R245 million received during the first quarter relating to the industrial accident at Newcastle. This brings the total amount received to date to R734 million.

Liquid steel production was 349 000 tonnes lower or 11%. Capacity utilisation for flat steel was 66% compared to 76% for the corresponding period following the temporary closure of the electric arc furnace production route in Vanderbijlpark due to weak demand and high electricity tariffs during the winter months. Capacity utilisation for long steel was 75% compared to 81% in first half last year following high levels of import steel stocks after the Newcastle industrial accident during second half 2011.

Financing costs of R201 million for the six months are significantly higher than the income of R13 million reported for the corresponding period. Included in finance costs are net foreign exchange losses of R25 million for the period compared to the net foreign exchange gains of R100 million in the previous period.

The income from equity accounted investments of R51 million was due to our share of equity income from Macsteel International Holdings BV partly offset by losses incurred in Coal of Africa Limited.

Quarter ended 30 June 2012 compared with quarter ended 31 March 2012

Total revenue of R8.7 billion was 5% down driven by 3% lower shipments, of which domestic shipments were 15% down and exports 38% up. Flat and long product shipments were down 3% and 2% respectively. Domestic prices were relatively stable but export prices rose 9%. Coke and Chemicals revenue was 35% lower at R372 million with sales down 38% and average net realised prices 5% lower.

Production costs were little changed, with hot rolled coil cash costs up 1% and billets down 2%. The prices of iron ore, electricity and local non-coking coal increased by 4%, 39% and 2% respectively, whereas the price of imported coking coal dropped 15% on a US Dollar FOB basis and 13% on a Rand delivered basis.

Liquid steel production was 39 000 tonnes lower or 3%. Capacity utilisation for flat steel was 63% compared to 69% for the previous period following the temporary shut-down of the electric arc furnaces in Vanderbijlpark in April. 78% capacity utilisation for long steel compared favourably to the 70% achieved in first quarter as elevated stocks due to imports early in the year started to come down.

The operating loss of R198 million is a decrease of R656 million on the back of significantly lower domestic demand for steel and commercial coke.

The net income on equity accounted investments of R42 million was due to our share of income incurred at Coal of Africa Limited and by equity income from Macsteel International Holdings BV.

Quarter ended 30 June 2012 compared with quarter ended 30 June 2011

Total revenue of R8.7 billion was 2% down driven by an 18% decline in domestic dispatches offset by a 53% increase in exports, resulting in a 3% overall drop in shipments. Flat product shipments were relatively stable whilst long products fell 10%. Average net realised prices were 5% higher, with local and export prices up 7% and 11% respectively, primarily due to a weakening in the average rand/dollar exchange rate from a level of R6.79 to R8.12. Revenue at Coke and Chemicals dropped by a substantial 46% to R372 million as a consequence of the closure of half the production facilities in the ferrochrome industry during the second quarter. Commercial coke sales were down 49% to a total of 89 000 tonnes with a 9% drop in average net realised prices.

The production cash cost of hot rolled coil rose 6% and billets 12%. The prices of iron ore, electricity and local non-coking coal increased by 23%, 17% and 2% respectively, whereas the price of imported hard coking coal decreased by 16% on a US Dollar FOB basis and 1% on a Rand delivered basis.

Liquid steel production fell in line with declining market demand, dropping by 295 000 tonnes or 18%. Accordingly, capacity utilisation for flat steel reduced to 63% compared to the 77% achieved in the corresponding period last year. 78% capacity utilisation for long steel compared unfavourably to 94% in second quarter last year reflecting the much weaker market conditions in 2012.

Finance costs increased by R86 million to R110 million due to the lower net cash position of R2.1 billion which increased the need for the utilisation of overdraft facilities.

The income on equity accounted investments of R42 million was attributable to our share of equity income from Macsteel International Holdings BV partly offset by losses incurred in Coal of Africa Limited.

Environment

Plans are on track to have the new emission abatement system for Vanderbijlpark's sinter plant fully operational in the second half of 2012. At a total cost of R250 million, the project can be regarded as a milestone for the site with an expected reduction in particulate releases from this emission source of approximately 70%. Another important project that is in progress is the Newcastle zero effluent discharge ("ZED") project entailing the improvement of effluent treatment and the recovery thereof with a planned completion date of early 2014 at an estimated cost of R300 million.

The proposed carbon tax remains a major concern. The release of the reviewed Carbon Tax Discussion Paper as announced by the Minister of Finance is awaited in order to serve as a basis for further engagement with National Treasury.

Contingent liabilities

Wire rod matter – alleged price discrimination

On 15 January 2007, the Competition Commission ("the Commission") referred a case against the company to the Competition Tribunal ("the Tribunal"). The case relates to alleged price discrimination in wire rod. The matter is yet to be set down for a hearing before the Tribunal.

Long steel matter – alleged cartel conduct

On 1 September 2009, the Commission referred a case against the company and three other primary steel producers in South Africa to the Tribunal for alleged price fixing and market division in respect of certain long steel products. The Commission has recommended the imposition of a penalty of 10% of the company's 2008 annual turnover. On 3 September 2010, the Tribunal refused access to the bulk of documentation requested by the company to file its answering affidavit, largely because of confidentiality claims placed by Scaw South Africa Proprietary Limited in respect of these documents. The company appealed this matter to the Competition Appeal Court ("the CAC"). On 2 April 2012, the CAC ruled essentially that the matter be referred back to the Tribunal for a hearing to determine the validity of these confidentiality claims. The Commission has since filed an appeal against this ruling of the CAC with the Supreme Court of Appeal. The company is opposing the basis for the appeal and has applied for leave to cross appeal.

Flat steel matter – alleged conscious parallelism

On 30 March 2012, the Commission referred a restrictive horizontal practice case against the company and Evraz Highveld Steel and Vanadium Limited ("Highveld Steel") to the Tribunal for adjudication. This relates to alleged price fixing and market allocation in respect of flat steel products. The form of price fixing alleged by the Commission in this instance is one based on the "conscious parallelism" phenomenon. This mainly relates to Highveld Steel increasing its prices each time ArcelorMittal South Africa increases its prices. ArcelorMittal South Africa strongly rejects all allegations by the Commission and will defend itself. The Commission has recommended to the Tribunal to impose a penalty of 10% of the company's 2008 annual turnover.

Competition Commission investigations

The Commission is formally investigating three (previously five) complaints against the company. The first involves alleged prohibited vertical practices in respect of purchases of scrap steel. The second appears to involve an extension of the wire rod matter described above under contingent liabilities and includes another alleged contravention as well as a later period, both of which were not covered in the initial wire rod referral. The third relates to alleged excessive pricing in tinplate (which was investigated separately initially) as well as flat steel in general and Sishen surcharge. The company is cooperating fully with the Commission in all these investigations and continues to deliver all information and documentation to the competition authorities as and when called upon to do so.

Dispute with Sishen Iron Ore Company Proprietary Limited ("SIOC")

Judgment in the High Court application to review the award of mineral rights to Imperial Crown Trading 289 Proprietary Limited ("ICT") by the Department of Mineral Resources ("DMR") was delivered in December 2011. The judge found, as argued by the company, that SIOC was awarded 100% of the mining rights in the Sishen mine and therefore the award of ICT was invalid. ICT and the DMR subsequently lodged an application for leave to appeal the decision. SIOC also submitted a conditional cross appeal. The application for leave to appeal to the Supreme Court of Appeal was heard on 11 May 2012 and granted. The appeal is expected to be heard in November 2012.

The dispute between SIOC and the company relating to the validity of the iron ore supply agreement has been referred for arbitration. The existing Interim Pricing Agreement between the company and SIOC will expire on 31 July 2012. Negotiations are under way to extend or renew the agreement.

Dividend

No dividends were declared for the six months ended 30 June 2012.

Outlook for quarter three 2012

Due to a further deterioration in market conditions, third quarter financial results are expected to extend the headline loss incurred in second quarter on the back of lower steel prices and a further decline in domestic demand, partly offset by improved commercial coke sales. Mitigating the expected loss is a potential insurance pay-out resulting from claims currently in the process of finalisation. Movements in the exchange rate will also have an important impact.

On behalf of the Board of Directors

N Nyembezi-Heita — Chief Executive Officer

RH Torlage — Chief Financial Officer

24 July 2012

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 plans and objectives to differ materially from those expressed or implied in the forward-looking statements (or from past results).

Condensed group statement of comprehensive income

Quarter ended 30 June 2012 Unaudited	31 March 2012 Unaudited	30 June 2011 Unaudited	In millions of rands	Six months ended 30 June 2012 Reviewed	30 June 2011 Reviewed	Year ended 31 December 2011 Audited
8 650	9 142	8 799	**Revenue**	**17 792**	16 576	31 453
(5 163)	(5 112)	(5 387)	Raw materials and consumables used	**(10 275)**	(9 761)	(19 886)
(920)	(802)	(811)	Employee costs	**(1 722)**	(1 592)	(3 164)
(809)	(732)	(1 036)	Energy	**(1 541)**	(1 668)	(3 177)
(38)	(459)	901	Movement in inventories of finished goods and work in progress	**(497)**	886	1 733
(418)	(355)	(352)	Depreciation	**(773)**	(699)	(1 409)
(4)	(4)	(4)	Amortisation of intangible assets	**(8)**	(7)	(14)
(1 496)	(1 220)	(1 479)	Other operating expenses	**(2 716)**	(2 806)	(5 239)
(198)	458	631	**Profit/(loss) from operations**	**260**	929	297
2	5	13	Finance and investment income	**7**	19	31
(110)	(91)	(24)	Finance costs (Note 4)	**(201)**	13	(168)
42	9	52	(Loss)/income from equity accounted investments (net of tax)	**51**	(10)	(34)
(264)	381	672	**Profit/(loss) before tax**	**117**	951	126
87	(102)	(202)	Income tax (expense)/credit (Note 5)	**(15)**	(297)	(118)
(177)	279	470	**Profit/(loss) for the period**	**102**	654	8
			Other comprehensive income			
121	(94)	(18)	Exchange differences on translation of foreign operations	**27**	27	315
(3)	(21)	(4)	Losses on available-for-sale investment taken to equity	**(24)**		(12)
5	(7)	8	Share of other comprehensive (loss)/income of equity accounted investments	**(2)**	(141)	7
(54)	157	456	**Total comprehensive income/(loss) for the period**	**103**	540	318
			Profit/(loss) attributable to:			
(177)	279	470	Owners of the company	**102**	654	8
			Total comprehensive income/(loss) attributable to:			
(54)	157	456	Owners of the company	**103**	540	318
			Attributable earnings/(loss) per share (cents)			
(44)	70	117	– basic	**25**	163	199
(44)	70	117	– diluted	**25**	163	199

Condensed group statement of financial position

In millions of rands	As at 30 June 2012 Reviewed	As at 31 March 2012 Unaudited	As at 30 June 2011 Reviewed	As at 31 December 2011 Audited
ASSETS				
Non-current assets	**19 335**	19 211	18 574	19 573
Property, plant and equipment	**16 126**	16 364	16 159	16 618
Intangible assets	**118**	123	83	126
Equity accounted investments	**3 056**	2 687	2 262	2 772
Other financial assets	**35**	37	70	57
Current assets	**12 660**	13 339	13 865	12 849
Inventories	**8 762**	9 301	8 175	9 935
Trade and other receivables	**3 327**	3 409	3 065	2 374
Taxation	**18**			100
Other financial assets	**3**	1	2	1
Cash and cash equivalents	**550**	628	2 623	439
Total assets	**31 995**	32 550	32 439	32 422
EQUITY AND LIABILITIES				
Shareholders' equity	**22 782**	22 831	23 101	22 669
Stated capital	**37**	37	37	37
Non-distributable reserves	**(2 169)**	(2 339)	(2 601)	(2 231)
Retained income	**24 914**	25 133	25 665	24 863
Non-current liabilities	**4 466**	4 443	4 484	4 474
Borrowings and other payables (Note 6)	**254**	231	222	241
Finance lease obligations	**450**	438	483	451
Deferred income tax liability	**2 223**	2 289	2 287	2 310
Provision for post-retirement medical costs	**7**	8	7	7
Non-current provisions	**1 532**	1 477	1 485	1 465
Current liabilities	**4 747**	5 276	4 854	5 279
Trade and other payables	**4 293**	4 127	4 127	4 644
Borrowings and other payables (Note 6)	**148**	132	156	151
Finance lease obligations	**55**	55	55	57
Taxation		3	180	
Current provisions	**251**	329	336	427
Cash and bank overdraft		630		
Total equity and liabilities	**31 995**	32 550	32 439	32 422

Group statement of changes in equity

In millions of rands	Stated capital	Treasury share equity reserve	Other reserves	Retained income	Total share-holders' equity
Balance at 1 January 2011	37	(3 918)	1 443	24 994	22 556
Total comprehensive income for the period (net of income tax)			(114)	654	540
Management share trust: net treasury share purchases			(6)		(6)
Share-based payment expense			11		11
Transfer of equity accounted earnings			(17)	17	
Balance at 30 June 2011 (Reviewed)	37	(3 918)	1 317	25 665	23 101
Total comprehensive income for the period (net of income tax)			424	(646)	(222)
Management share trust: net treasury share purchases			(6)		(6)
Share-based payment expense			17		17
Dividend				(221)	(221)
Transfer of equity accounted earnings			(65)	65	
Balance at 31 December 2011 (Audited)	37	(3 918)	1 687	24 863	22 669
Total comprehensive income for the period (net of income tax)			(122)	279	157
Share-based payment expense			5		5
Transfer of equity accounted earnings			9	(9)	
Balance at 31 March 2012 (Unaudited)	37	(3 918)	1 579	25 133	22 831
Total comprehensive income for the period (net of income tax)			123	(177)	(54)
Share-based payment expense			5		5
Transfer of equity accounted earnings			42	(42)	
Balance at 30 June 2012 (Reviewed)	**37**	**(3 918)**	**1 749**	**24 914**	**22 782**

Condensed group statement of cash flows

Quarter ended 30 June 2012 Unaudited	31 March 2012 Unaudited	30 June 2011 Unaudited	In millions of rands	Six months ended 30 June 2012 Reviewed	30 June 2011 Reviewed	Year ended 31 December 2011 Audited
933	(308)	454	**Cash inflows/(outflow) from operating activities**	**627**	(407)	(1 412)
978	(221)	612	Cash generated from/(utilised in) from operations	**759**	(290)	(879)
2	4	12	Interest income	**6**	18	29
(41)	(50)	(20)	Finance cost	**(91)**	(39)	(103)
			Dividend paid			(221)
	(20)	(161)	Income tax paid	**(20)**	(161)	(243)
(6)	(21)	11	Realised foreign exchange movement	**(27)**	65	5
(331)	(99)	(200)	**Cash outflows from investing activities**	**(430)**	(349)	(1 212)
(117)	(79)	(120)	Investment to maintain operations	**(196)**	(229)	(924)
(16)	(15)	(61)	Investment to expand operations	**(31)**	(107)	(266)
(202)	(5)	(20)	Shares acquired in associate and equity accounted investment	**(207)**	(22)	(180)
3			Proceeds on disposal of assets	**3**		106
1			Investment income – interest	**1**	1	2
		1	Dividend from equity accounted investments		8	50
602	(407)	254	**Net cash inflow/(outflow)**	**197**	(756)	(2 624)
(53)	(38)	(137)	**Cash outflows from financing activities**	**(93)**	(195)	(616)
(53)	(38)	(137)	Repayment of borrowings, finance lease obligations and other payables	**(93)**	(195)	(616)
549	(445)	117	**Increase/(decrease) in cash and cash equivalents**	**104**	(951)	(3 240)
3	4	3	Effect of foreign exchange rate changes	**7**	68	173
(2)	439	2 503	**Cash and cash equivalents at beginning of period**	**439**	3 506	3 506
550	(2)	2 623	**Cash and cash equivalents at end of period**	**550**	2 623	439

Notes to the reviewed condensed consolidated financial information

1. Basis of preparation

The condensed reviewed consolidated interim financial statements have been prepared in compliance with the Listings Requirements of the JSE Limited, International Accounting Standard (IAS) 34, Interim Financial Reporting and the South African Companies Act, No 71 of 2008, as well as the AC500 Standards as issued by the Accounting Practices Board. These statements were compiled under the supervision of Mr RH Torlage, the Chief Financial Officer.

2. Significant accounting policies

The condensed consolidated interim financial statements have been prepared using accounting policies that comply with International Financial Reporting Standards. The accounting policies and methods of computation applied in the presentation of the interim financial statements are consistent with those applied for the year ended 31 December 2011.

3. Independent review by the auditors

The condensed consolidated interim results have been reviewed by the company's auditors, Deloitte & Touche, in accordance with International Standards on Review Engagements 2410. They expressed an unqualified conclusion on the interim financial information. However, their report included an emphasis of matter relating to the significant uncertain outcome of the dispute resolution process with SIOC regarding the supply of iron ore at cost plus 3%. A copy of their report is available for inspection at the company's registered office. Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the company's auditors.

Quarter ended 30 June 2012 Unaudited	31 March 2012 Unaudited	30 June 2011 Unaudited	In millions of rands	Six months ended 30 June 2012 Reviewed	30 June 2011 Reviewed	Year ended 31 December 2011 Audited
110	91	24	**4. Finance costs**	**201**	(13)	168
24	34	1	Interest expense on bank overdrafts and loans	**58**	3	32
17	16	18	Interest expense on finance lease obligations	**33**	36	71
24	(14)	(34)	Discounting rate adjustment of the non-current provision	**10**	(35)	22
8	17	(4)	Net foreign exchange losses/(gains) on financing activities	**25**	(100)	(124)
37	38	43	Unwinding of the discounting effect in the present valued carrying amount of non-current provisions	**75**	83	167
(87)	102	202	**5. Income tax**	**15**	297	118
(87)	102	207	Current normal and deferred tax credit/(expense)	**15**	302	101
		(5)	Normal and deferred tax expense recognised in relation to tax of prior years		(5)	(5)
			Secondary tax on companies			22
358	949	324	**6. Borrowings and other payables**	**402**	378	392
332	299	304	Leave pay	**376**	358	372
16			Retention	**16**		
10	650	20	Loan	**10**	20	20
			Disclosed as:			
254	231	222	– non-current	**254**	222	241
104	718	102	– current	**148**	156	151
			7. Capital expenditure			
133	94	181	Incurred	**227**	336	1 190
769	720	722	Contracted	**769**	772	887
1 250	843	892	Authorised but not contracted	**1 250**	892	728
			8. Contingent liabilities			
1	1	1	Guarantees	**1**	1	1
368	324	243	**9. Operating lease commitments**	**368**	243	278
140	112	87	Less than one year	**140**	87	83
217	204	135	More than one year and less than five years	**217**	135	190
11	8	21	More than five years	**11**	21	5

10. Related party transactions

The group is controlled by ArcelorMittal Holdings A.G. which effectively 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 associates and joint ventures. These transactions occurred under terms that are no less favourable than those arranged with third parties.

11. Corporate governance

The group aims to fully comply with the Code on Corporate Practices and Conduct as contained in the third King Report on Corporate Governance.

Segment information

Flat Steel Products

Quarter ended 30 June 2012 Unaudited	31 March 2012 Unaudited	30 June 2011 Unaudited		Six months ended 30 June 2012 Reviewed	30 June 2011 Reviewed	Year ended 31 December 2011 Audited
5 617	5 670	5 403	Revenue (R million)	**11 287**	10 965	21 793
5 408	5 595	5 290	– External	**11 003**	10 776	21 092
209	75	113	– Internal	**284**	189	701
(51)	81	548	EBITDA (R million)	**30**	1 007	597
(347)	(285)	(283)	Depreciation and amortisation (R million)	**(632)**	(565)	(1 133)
(398)	(204)	265	(Loss)/profit from operations (R million)	**(602)**	442	(536)
			Unaudited information			
894	981	1 102	Liquid steel production ('000 tonnes)	**1 875**	2 154	4 060
837	866	830	Steel sales ('000 tonnes)	**1 703**	1 821	3 424
553	645	643	– Local	**1 198**	1 326	2 468
284	221	187	– Export	**505**	495	956
63	69	77	Capacity utilisation (%)	**66**	76	71
20 966	21 400	20 681	Assets (R million)	**20 966**	20 681	21 322

Long Steel Products

Quarter ended 30 June 2012 Unaudited	31 March 2012 Unaudited	30 June 2011 Unaudited		Six months ended 30 June 2012 Reviewed	30 June 2011 Reviewed	Year ended 31 December 2011 Audited
3 116	3 274	3 031	Revenue (R million)	**6 390**	4 976	9 514
2 870	2 993	2 836	– External	**5 863**	4 461	8 044
246	281	195	– Internal	**527**	515	1 470
203	521	384	EBITDA (R million)	**724**	369	500
(74)	(72)	(71)	Depreciation and amortisation (R million)	**(146)**	(137)	(269)
129	449	313	Profit from operations (R million)	**578**	232	231
			Unaudited information			
450	402	537	Liquid steel production ('000 tonnes)	**852**	922	1 393
412	422	459	Steel sales ('000 tonnes)	**834**	761	1 284
291	349	381	– Local	**640**	594	1 039
121	73	78	– Export	**194**	167	245
78	70	94	Capacity utilisation (%)	**75**	81	61
6 580	6 964	5 894	Assets (R million)	**6 580**	5 894	6 965

Coke and Chemicals

Quarter ended 30 June 2012 Unaudited	31 March 2012 Unaudited	30 June 2011 Unaudited		Six months ended 30 June 2012 Reviewed	30 June 2011 Reviewed	Year ended 31 December 2011 Audited
372	576	686	Revenue (R million)	**948**	1 373	2 378
372	554	673	– External	**926**	1 339	2 317
	22	13	– Internal	**22**	34	61
45	205	264	EBITDA (R million)	**250**	486	870
(9)	(9)	(12)	Depreciation and amortisation (R million)	**(18)**	(22)	(52)
36	196	252	Profit from operations (R million)	**232**	464	818
			Unaudited information			
134	134	140	Commercial coke produced ('000 tonnes)	**268**	317	633
89	143	180	Commercial coke sales ('000 tonnes)	**232**	376	631
26	30	27	Tar sales ('000 tonnes)	**56**	60	117
1 082	1 046	967	Assets (R million)	**1 082**	967	1 082

Corporate and other

Quarter ended 30 June 2012 Unaudited	31 March 2012 Unaudited	30 June 2011 Unaudited		Six months ended 30 June 2012 Reviewed	30 June 2011 Reviewed	Year ended 31 December 2011 Audited
27	10	(209)	Operating profit/(loss) before depreciation and amortisation (R million)	**37**	(227)	(247)
8	7	10	Depreciation and amortisation credit (R million)	**15**	18	31
35	17	(199)	Profit/(loss) from operations (R million)	**52**	(209)	(216)
3 367	3 140	4 897	Assets (R million)	**3 367**	4 897	3 053

Salient features

Quarter ended 30 June 2012 Unaudited	31 March 2012 Unaudited	30 June 2011 Unaudited	In millions of rands	Six months ended 30 June 2012 Reviewed	30 June 2011 Reviewed	Year ended 31 December 2011 Audited
			Reconciliation of earnings before interest, taxation, depreciation and amortisation (EBITDA)			
(198)	458	631	Profit from operations	**260**	929	297
			Adjusted for:			
418	355	352	– Depreciation	**773**	699	1 409
4	4	4	– Amortisation of intangible assets	**8**	7	14
224	817	987	**EBITDA**	**1 041**	1 635	1 720
			Reconciliation of headline earnings/(loss)			
(177)	279	470	Profit for the period	**102**	654	8
			Adjusted for:			
	5	4	– Loss on disposal of assets	**5**	19	(82)
	(1)	(1)	– Tax effect	**(1)**	(5)	22
(177)	283	473	**Headline earnings/(loss)**	**106**	668	(52)
			Headline earnings/(loss) per share (cents)			
(44)	71	118	– basic	**26**	166	(13)
(44)	71	118	– diluted	**26**	166	(13)
			Selected ratios (%)			
			Return on ordinary shareholders' equity per annum			
(1.6)	4.9	8.2	– attributable earnings	**0.9**	5.7	1.0
(1.6)	5.0	8.3	– headline earnings/(loss)	**0.9**	5.9	(0.2)
0.6	(1.4)	10.0	Net cash/(debt) to equity	**0.6**	10.0	0.4
			Share statistics			
			Ordinary shares (thousands)			
401 202	401 202	401 202	– in issue	**401 202**	401 202	401 202
401 202	401 202	401 202	– weighted average number of shares	**401 202**	401 202	401 202
401 211	401 274	401 419	– diluted weighted average number of shares	**401 240**	401 441	401 444
52.40	55.96	78.99	Share price (closing) (Rand)	**52.40**	78.99	68.58
21 023	22 451	31 691	Market capitalisation (R million)	**21 023**	31 691	27 514
56.78	56.91	57.58	Net asset value per share (Rand)	**56.78**	57.58	56.50
			Dividend per share (cents)			55

BASTION GRAPHICS